

**CITY OF GOODYEAR, ARIZONA**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**



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## INTRODUCTORY SECTION





April 8, 2005

Honorable Mayor, City Council, City Manager and Citizens of the City of Goodyear, Arizona:

We are pleased to submit to you the 2004 Comprehensive Annual Financial Report (CAFR) of the City of Goodyear, Arizona. The Financial Services Division of the Finance Department prepared the report.

This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, management personnel, bond rating agencies, Nationally Recognized Municipal Securities Information Repositories, and other agencies, which have expressed interest in the City's financial matters.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the management of the City. The City has established and maintains a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to allow the compilation of sufficient reliable information for the preparation of financial statements. We believe the data, as presented in this report, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Henry & Horne, PLC, whose report is included herein. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Goodyear, Arizona for the fiscal year ended June 30, 2004, are free from material misstatement. The independent audit involved

***Proud past. Vibrant future!***

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City of Goodyear Finance  
190 N. Litchfield Road PO Box 5100 Goodyear, AZ 85338  
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examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the City of Goodyear, Arizona for the fiscal year ended June 30, 2004, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The City is not required to have an independent audit ("Single Audit") of federal financial assistance received by the City directly from federal agencies, or passed through to the City by the State of Arizona or other governmental entities during the fiscal year. The City received less than \$300,000 in federal financial assistance during the year ended June 30, 2004 and therefore was below the Single Audit threshold.

### **Presentation**

The comprehensive annual financial report is presented in three sections. The Introductory Section includes a list of principal officials, an organizational chart, and this transmittal letter which highlights significant aspects of the City and particular financial issues. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis, the basic financial statements (government-wide statements and fund statements), notes to the financial statements, other required supplementary information (RSI), combining financial statements and other financial schedules. The Statistical Section includes exhibits and tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics, generally presented on a multi-year basis.

### **THE FINANCIAL REPORTING ENTITY**

The City of Goodyear, incorporated in 1946, and chartered in 1988, has a Council-Manager form of government consisting of the Mayor and six Council Members. The Mayor is elected at-large for a four-year term. Council members are elected for four-year terms. The City Council is vested with policy and legislative authority and is responsible for passing ordinances, adopting the budget, appointing committee, commission, and board members, and appointing the positions of City Manager, City Attorney, and Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.



The City encompasses approximately 117 square miles in the western portion of Maricopa County, and is approximately 17 miles west of the downtown Phoenix business district. Between 1990 and 2000, the City's population increased from 6,300 to 19,695. The estimated July 2004 population is 35,810. The City's tremendous growth is attributable to excellent housing, small-town atmosphere, convenient access to the central Valley, and excellent school districts. Based on current projections, population growth trends are expected to continue. While having a positive impact, this growth will continue to present challenges to the City in providing its current high level of services.

The City provides a full range of municipal services, including police and fire protection, sanitation services, water and sewer services, construction and maintenance of streets, recreational, parks, and cultural events, public transportation, planning and zoning services, and general administrative services. Goodyear offers a wide range of community facilities including a community center, a swimming pool, and eight parks encompassing 175 acres.

This report includes financial statements on both a government-wide and fund basis for the primary government, as well as its component units. Component units are separate legal entities that are included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No. 14, *The Financial Reporting Entity*. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and nine blended component units, the Goodyear Community Facilities General District No. 1, Palm Valley Community Facilities District No. 3, Goodyear Community Facilities Utilities District No. 1, Wildflower Ranch Community Facilities General District No. 1, Wildflower Ranch Community Facilities General District No.2, Estrella Mountain Ranch Community Facilities District No. 1, Cottonflower Community Facilities District, Centerra Community Facilities District, and Cortina Community Facilities District.

## **FINANCIAL CONTROLS**

### **Internal Controls**

The management of the City of Goodyear is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and

maintaining accountability for assets. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the City's financial statements. All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgetary Controls**

The City of Goodyear, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The City currently operates under the Alternative Expenditure Limitation - Home Rule Option. This option allows the City Council to establish the budgetary limits locally. The voters must authorize this option every four years. The citizens of Goodyear last authorized it in March 2001.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, and enterprise funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department level within each fund.

### **LOCAL ECONOMIC CONDITION AND OUTLOOK**

Goodyear continues to face many important growth issues, and its citizens and municipal government are committed to finding solutions for the future. This commitment helped make FY 03-04 another successful year and will provide for continued success in the years to come.

A continued trend of new housing starts during the year increased the size of our community, the third fastest growing city in the Phoenix-Metro area. The city permitted over 2,600 single-family-residential permits in FY 03-04. The city is expected to permit an equal number of permits in FY 04-05.

The City's retail, industrial, and commercial activities are expected to continue strongly including the following:

## **Retail & Hospitality**

The following retail and service stores opened this past fiscal year:

Bank of America	Hoot 'n' Howl	Hi Health
West Valley Vision	Subway	La Grocerie
Mimi's Café	Wildflower	AT&T Wireless
	Bread Co.	
Wild West Electronics	Conelly	Safeway
	Billiards	
Palm Valley Animal Clinic	Quizno's	Leslie's Pool Supply
		Club Tan
Beard's Work & Western Wear	Quick Trip	UPS Store
Acrylic Spa's	Panda Express	
	Blockbuster	Streets of New York
Bill Johnson's Big Apple		
	Great Clips	Nationwide Insurance
Native New Yorker		
Stone Creek Furniture Factory		

## **Industrial and Commercial**

- Newell-Rubbermaid is adding plant capacity with equipment and new employees.
- SunCor has received approval to construct a 60,000 square feet, three-story office building in the Palm Valley Office Park.
- The City retained its designation and expanded its qualifying boundaries in the Western Maricopa Enterprise Zone. This provides enhanced job training grants and potential property/income tax benefits that will assist the City in its business expansion and recruitment efforts.
- Lockheed Martin sold its real estate holding, which includes 1 million square feet of industrial/office buildings. Lockheed will continue a long-term lease on more than 400,000 square feet. The new owners plan to have the property annexed into Goodyear so they can receive City services.
- The Goodyear Employment Corridor study that was adopted by City Council in 2003 has received a first place award from the Arizona Planning Association. The 4,200-acre corridor will house as many as 60,000 employees at build-out. It stretches from Interstate 10 to the Gila River and from Litchfield Road to Estrella Parkway.

## **Economic Outlook**

Goodyear has been sheltered from the impact of the economic slowdown, due to the continued growth of the city. The city is less than 10% built out. While

some of the more built-out cities in the metropolitan area have seen dips in revenues, Goodyear's revenues continued to grow. Total City operating revenues grew approximately 13% from FY 02-03 to FY 03-04. Total operating revenues for FY 04-05 are expected to grow 18% above FY 03-04 levels. This increase is based on the continued issuance of building permits and continued growth in the City's taxable retail sales, and new utility connections.

Retail Sales. The City of Goodyear, like all Arizona cities, places a heavy reliance on City sales tax revenues. Overall, City sales tax revenues comprise approximately 32% of operating revenues. The City's sales tax rate is currently at 2%, with an additional 2% charge on lodging/restaurant/bar services. For single item purchases of tangible personal property greater than \$2,000.00 there is a 1.2% tax rate instead of 2%. Overall, City's sales tax revenues are expected to increase by 17% in FY 04-05.

State Shared Revenues. The City of Goodyear receives revenue allocations from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, gas tax, motor vehicle in-lieu taxes, and state lottery proceeds. A significant portion of this revenue is placed in the City's General Fund, where it is used to support a large portion of the City's day to-day activities. Because the state shared revenue formulas generally allocate revenues based on official census data, Goodyear experienced a \$2 million dollar increase in these revenues in fiscal year 2002, due to the reallocation based on the 2000 census. Goodyear's population grew from 6,300 in 1990 to 19,695 in 2000.

The City currently projects a slight increase of 7% in these revenues for fiscal year 2005.

Property Tax. The City's combined (secondary and primary) property tax rate is \$1.97 per \$100 of assessed valuation for fiscal year 2005. Of this, \$0.75 is for the secondary levy. The secondary levy can only be used for voter approved debt service on general obligation bonded indebtedness. The voter approved general obligation bond proceeds are used for construction of public facilities (parks, public safety, streets, etc.) The secondary assessed valuation is expected to grow 18% in FY 04-05.

The primary property tax rate is \$1.22 for 2005. The primary levy can be used for any general government purpose (such as supplies, personnel, maintenance, utilities, etc.) but is limited in size by State statute. The primary tax raised \$3.0 million in fiscal year 2004. The primary property tax revenues are expected to be

\$3.6 million dollars in FY04-05. While this amount is less than 8% of the operating revenues, it is nonetheless an important component for the stability and revenue diversity of the City's operating revenues.

Total primary assessed property value within the City has increased by approximately 18% over FY 03-04 based on preliminary estimates (actuals are set in August of the next fiscal year) by the Maricopa County Assessor's Office. Because of the increasing assessed value of the city, primary property tax revenues continue to grow, as the City's primary rate has decreased slightly. Based on current development patterns, as well as expected economic conditions, property tax revenue is expected to continue to increase over the next few years.

Labor Force. Goodyear has a well-educated and available labor force. The median income level is \$57,492.00 as of the 2000 census. This economic resource is at the forefront of our economic development efforts. The City is a member of the Greater Phoenix Economic Council (GPEC) which has been successful introducing new businesses to the City. The City maintains an economic development department "in-house" which has been very instrumental in locating retail/hospitality/office/industrial locates to the City.

## **MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS**

### **For The Year**

During fiscal year 2004, the City continued to invest in programs and amenities that keep Goodyear a very livable community. Emphasis was placed on public safety, parks and open space, basic infrastructure projects, and support services.

The following are a few of the departments' service efforts and accomplishments of the City during fiscal year 2004:

#### **Police**

- Purchased Tasers for all sworn field personnel. This included 4 hour training block.
- Implemented a Crisis services unit with one full time, one part time, and three volunteer positions.
- Acquired grant funding to support part-time Crisis services position.
- Researched the need for and sought grants for Homeland Security equipment and training.
- Continued to train employees for response to Weapons of Mass Destruction and Nuclear Biological Chemical in order to assess our preparedness and current situation regarding vulnerabilities to attacks on City owned or occupied buildings.
- Continued to use the Counter-drug Procurement Program to obtain surplus, free, and long-term loan equipment.
- Instituted week-long training modules for officers. All training was done in-house diminishing instructor and travel costs.

- Participated in thirteen valley-wide DUI task forces.
- Participated in forming the Goodyear Action Team to focus on neighborhood problems. This team is made up from employees from other departments.

#### Fire

- Completed the Standards of Response Coverage study.
- Hosted a public meeting to discuss the location of a future fire station at PebbleCreek Parkway and Clubhouse Drive.
- Twelve firefighters completed 200 hours of initial training to receive their Hazardous Materials Technician certification.
- Began providing hazardous materials response on Engine 181.
- Completed bid specifications for a hazardous materials vehicle.
- Received \$100,000 from the FY2003 State Homeland Security Grant Program - Part II to be used for hazardous materials response equipment.
- Conducted live fire training with Avondale Fire Department in the burn building at the Tempe Fire Department Training Academy.
- Hosted open houses at all three fire stations for Fire Prevention Week.
- Began providing fire and life safety education to high school freshmen.
- Hosted a media event for Baby Faith. Baby Faith was a newborn dropped off at Station 183 under the newly established Safe Haven Law. She was adopted and her and her mother came back to visit the firefighters who rescue her. All 5 Valley TV stations attended in addition to radio and local newspapers.
- Placed an order with Pierce Manufacturing for a 100' aerial platform ladder truck to replace Ladder 183 currently in service.
- Sponsored eight cadets through Glendale Community College's Fire Operations class.

#### Parks

- Ordered new landscaping equipment to maintain the new Community Park.
- Managed the design and construction of the Litchfield Road median landscaping project.
- Developed a Maintenance Management Plan to track city owned assets and costs related to maintenance.
- In partnership with Community Development, improved procedures developers need to follow before turning over new landscaping to the City for acceptance.
- Coordinated and accepted a donation of 122 trees, worth over \$50,000.00. Many of these trees will be installed in the new Dog Park.
- Coordinated a Parks Appreciation Day event in Palm Valley Park.

- Enhanced service to citizens through continuous employee development, education and certifications (Structural Pest Control, Playground Inspection, Backflow and Turf Grass Management).
- Coordinated irrigation practices with the Water Management Division, running sprinklers during off-peak hours and implementing new practices that use fertilizations instead of water to green up parks.

#### Recreation

- Recruited, trained and hired a part-time Recreation Programmer.
- Coordinated a new city-wide special event – Howling Halloween Bash.
- Coordinated joint programs/events with other agencies and cities, including T-ball and Coach-pitch sports leagues with the YMCA and a Senior Hike with Maricopa County Sports Dept.
- Expanded programs for youth, including ABC's-1,2,3, Mad Science, Tennis and Spring Break Camp.
- Expanded the volunteer services for Recreation by manning booths at Goodyear Special Events with Recreation Students from ASU.

#### Streets

- Applied slurry seal to approximately 721 square yards in the alleys of Historic Goodyear.
- Applied slurry seals to over 300,000 square yards of roadway in various subdivisions of Estrella Mountain Ranch.
- Applied slurry seal to 10,000 square yards of roads in Wade Acres.
- Applied slurry seal to 147,000 square yards of Wildflower Ranch.
- Applied a fog seal to 222,000 square yards of Phase I of Palm Valley.
- Installed video detection at Palm Valley Pavilions and Test Drive on Litchfield Road.
- Modified the intersections of Test Drive and Thomas Road on Litchfield Road with lagging left turns.
- Monitored construction of the traffic signals at the intersections of Avalon and Litchfield Road, Estrella Parkway and Yuma Road, Estrella Parkway and Van Buren and Pebble Creek Parkway and McDowell.
- Implemented signal testing equipment to analyze electronic components in the traffic signal cabinets.
- With cooperation from ITS, began the process of acquiring an asset and work management system for signing/stripping, traffic signal and street maintenance.

#### Water

- Continued to meet and exceed Safe Drinking Water standards and all amendments.
- Continued to reduce the GPCD to approximately 220 and the percentage of water loss to below industry standards of 10% by implementing water conservation measures.

- Drilled and equipped one new well and booster and increased water production capacity by 500 gallons per minute (GPM).
- Continued annual preventive maintenance, inspection and repairs of water storage facilities to reduce long term cost.
- Upgraded chlorinator equipment at Wells 2 and 3.
- Installed a 24" waterline from Well #18 which provided an additional 600,000 gallons into the system per day
- Improved the water distribution system in the southern planning area by installing two pressure reducing stations, installing a booster pump at Station 13 and increasing water-boosting capacity by 500 GPM.
- Continued fire hydrant and distribution system valve preventative maintenance program.

#### Sewer

- Refurbished and rehabilitated the process laboratory at the wastewater treatment plant to qualify for Arizona Department of Health wastewater laboratory certification.
- Developed and implemented a spare parts inventory.
- Refurbished, replaced and repaired all equipment, walkways and catwalks to comply with OSHA standards and guidelines.
- Procured an inventory of spare parts and equipment for all critical equipment and treatment units.
- Procured and installed solids dewatering equipment.
- Developed and implemented a comprehensive mapping system for the manholes, sewer pipes and all components of the collection system.
- Procured a new vacuum vehicle to improve service to customers and residents of Goodyear.

#### Sanitation

- Conducted an annual household hazardous waste collection day (which included the City of Litchfield Park).
- Recycled 8 tons of Christmas trees, diverting the chips to Sunfresh Farms where they are used for dust control.
- Added a Ford F550 2004 Flatbed truck to the Sanitation Fleet to move the recycling bins from their location to the Public Works Yard for transfer.
- Sanitation staff provided public outreach at Earthfest 2003, Tres Rios Nature Festival, Goodyear Public Safety Day, Palm Valley Awareness Fair, KOOL-FM radio, Billy Moore Parade and the Women's Expo at Phoenix Civic Plaza.
- Continued participation in the Valleywide Recycling Partnership.
- Acquired a Maricopa County Tire Permit to dispose tires at the Northwest Regional Landfill at no cost to the City.
- Designed and installed a new recycling public outreach advertisement on the body of the sanitation rear-loader.



- Added recycling fast facts with the, "Recycling Guys" logo to the City Report each month.
- Maintained consistent, timely removal of reported graffiti within 48 hours.
- Participated in the Historic Goodyear Alley Clean-up project.

#### Community Initiatives

- Developed literature and enhanced the level of public awareness relating to the value and contributions of municipal government, citizen involvement and service opportunities.
- Assisted neighborhoods and other departments in resolving code compliance issues and citizen concerns to a greater level of response.
- Maintained a leadership role in citizen participation/outreach.
- Worked with departments to improve internal/external customer service delivery process.
- Increased publicity of City department programs and services.
- Used improved technology to enhance communication and reporting.
- Developed educational programs on City codes to promote voluntary compliance
- Promoted community participation through new events.
- Developed a plan for establishing a prominent image of Goodyear valley wide.
- Represented the City in regional and statewide organizations and proactively sought a place at the decision-making level to ensure Goodyear's share of transportation funding and state-shared revenues.
- Coordinated the City's lobbying efforts on issues that have an impact on Goodyear through staff and contract lobbyists.

#### Risk Management

- Negotiated excellent health insurance renewal rates and were able to retain the same insurance providers for the first time in 3 years plus we enhanced benefits by increasing the maximum dental from \$1,000 per year if an out of network provider is used to \$1,500 per year, at no cost to the City or employees. This resulted in a savings of \$200,000 from the original quotation from the carrier.
- Enhanced the Flexible Benefits Plan by allowing over the counter medicine. Sixty-seven employees took advantage of the medical out of pocket plan and six signed up for the dependent care plan.
- Instituted a wellness initiative for early detection of health concerns for our City's employees.
- Established a Benefit Stabilization fund to offset unexpected increases in future health care costs.
- Dropped Workers' Compensation recordable claims by over 70% through the combination of implemented programs such as light duty, educational

pieces, speaking at supervisory and employee meetings, and heightening the overall awareness of safety.

- Reduced time loss injuries for FY 2003-04 to zero through the implementation of an all inclusive light duty program.

For a complete listing of all the City departments and their accomplishments for FY 03-04, please contact the City's Budget and Research Office for a copy of the FY 04-05 budget book.

### **For The Future**

The City's financial and operational plans will continue to support basic government services including roads, police, fire, water, sewer, solid waste management, building safety, code enforcement, and parks and recreation. In addition, the Council has begun a process to assist in the identification, prioritization, and management of emerging strategic issues that, by virtue of their scope, complexity, and/or potential impact, requires a coordinated multi-departmental action plan and budget. The City Council works closely with City management to implement specific objectives and tasks designed to meet these goals.

The following major goals were identified by the City Council as important priorities for the future:

- Improve the quality level of City services to its citizens
- Reduce crime in the City
- Improve the quality and level of public safety services to citizens
- Promote City's economic development through retention, expansion and recruitment of current and future businesses
- Continue, within financial constraints, the physical development of the City

### **Employee Pension Plans**

The City maintains two employee pension plans. The general employee plan is administered through the Arizona State Retirement System. The Public Safety Pension Plan is administered by the Arizona Public Safety Personnel Retirement System. Both the employee and the employer make contributions directly to these organizations. Financial information about these plans can be found in the notes to the financial statements included in the Financial Section of this report. The City also administers a small pension fund that provides retirement income for volunteer firemen. The City no longer utilizes volunteer firemen, and only one former member currently receives payments under the plan.

## Debt Administration

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent (6%) of the secondary assessed valuation of the taxable property in that city. In addition cities may issue general obligation bonds up to an additional twenty percent (20%) of the secondary assessed valuation for supplying water, artificial light, or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities. As of June 30, 2004, the City's net general obligation debt of \$30,395,000.00 was below the combined legal limit of \$54,674,821.00. The City of Goodyear anticipates selling an additional \$20,000,000.00 in General Obligation Bonds in FY 04-05.

The following is a summary of the City's outstanding debt as of June 30, 2003.

• General Obligation Bonds	\$30,395,000
• Water & Sewer Revenue Bonded Debt	\$14,335,165
• Public Improvement Corporation Bonded Debt	\$ 3,785,000
• Greater Arizona Development Authority Loan	<u>\$ 4,500,000</u>
Total	\$53,015,165

In 2002, the City received an upgrade to its credit rating for its general obligation bonds. Moody's Investor Services upgraded the City's general credit rating from an A3 to an A2. General Obligation debt is serviced by the City's secondary property taxes.

## Cash Management

The Finance Department manages the City's investment portfolio. The City's investment policy is to invest public funds with maximum security in a manner which will provide the highest return while meeting the daily cash flow demands of the City and conform to all applicable state and local statutes. The primary objectives, in priority order, are safety of principal, liquidity, and attaining a market rate of return.

The City is permitted to invest in certificates of deposit, money market mutual funds, repurchase agreements, corporate securities, and direct U.S. Treasury debt, securities guaranteed by the U.S. Government or any of its agencies and instrumentalities, and the State of Arizona's Local Government Investment Pool.

Temporary idle cash during the year was invested in the State Treasurer's Investment Pool. The average yield on unrestricted investments was 2% for the year ended June 30, 2004. The book value of the City's unrestricted

investment portfolio at June 30, 2004 was \$35,016,985. For further information on the City's investments please refer to the notes to the financial statements.

### **Risk Management**

The City is exposed to various risks of loss related to public and property liability as well as Workers' Compensation. Public liability includes public officials' errors and omissions, automobile and general liability and related lines. During fiscal year 2003/2004, the City was insured for losses up to \$15 million with a deductible of \$35,000 for general liability and \$ 1,000 for automobile liability. During the fiscal year ended June 30, 2004 there was no reduction in excess insurance coverage. The Risk Management Division of the Human Resources Office administers the City's liability and Workers' Compensation insurance programs. The City's commercial lines policies are insured with the Arizona Municipal Risk Retention Pool and our Workers' Compensation is insured with the State Compensation Fund of Arizona.

The City of Goodyear has an aggressive safety program that promotes employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses.

### **Acknowledgments**

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department, especially the Financial Services Division. We also wish to thank the Mayor and members of the City Council, and the City Manager's Office for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry D. Price", with a stylized flourish at the end.

Larry D. Price  
Fiscal and Budget Officer

**CITY OF GOODYEAR**  
**LIST OF PRINCIPAL OFFICIALS**

**MAYOR**

James M. Cavanaugh

**VICE MAYOR**

Richard A. Sousa

**COUNCIL MEMBERS**

Robert Antoniak

Frank Cavalier

Sue Linney

Kenneth Porter

Fred Scott

**SENIOR MANAGEMENT STAFF**

Stephen S. Cleveland  
City Manager

Michael Simonson  
Presiding Judge

James H. Oeser  
City Attorney

Grant Anderson  
Deputy City Manager

Dee Cockrum  
City Clerk

Brian Dalke  
Economic Development Director

Kay Wilkinson  
Human Resources Director

Mark K. Brown  
Police Chief

Mark Gaillard  
Fire Chief

Harvey Krauss  
Community Development Director

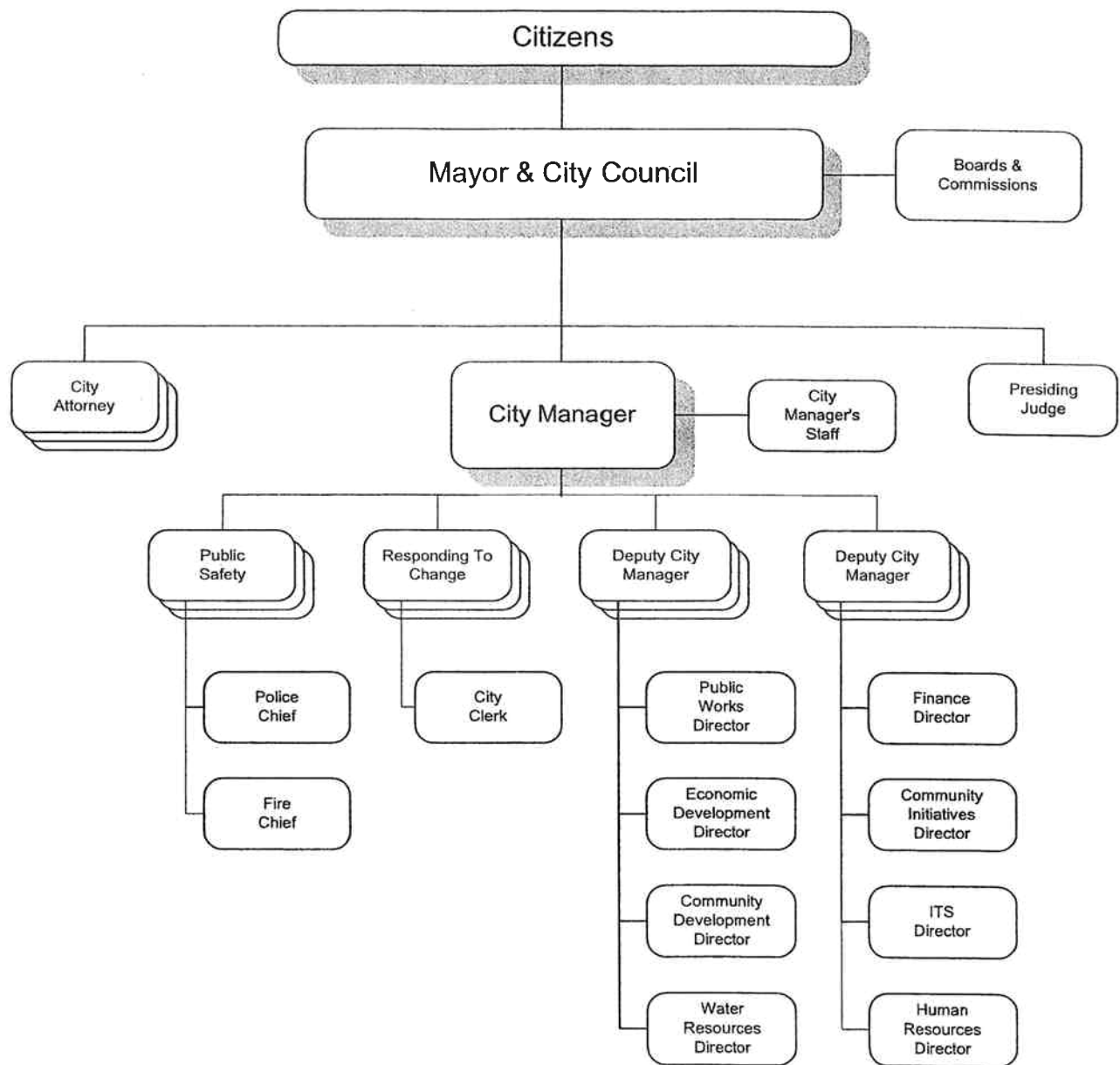
Larry D. Price  
Finance Director

Jack Blonski  
Information and technology Services Director

Cato Esquivel  
Public Works Director

Jerene Watson  
Community Initiative Director

## CITY OF GOODYEAR ORGANIZATION CHART



### **City Of Goodyear Core Business Areas**

Keeping People  
And Property  
Safe

Building A  
Sustainable  
Community

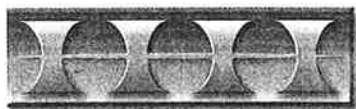
Ensuring  
Public  
Health

Adapting  
To Change

## **FINANCIAL SECTION**







HENRY & HORNE, P.L.C.  
A d v i s o r s   t o   B u s i n e s s

## Independent Auditors' Report

The Honorable Mayor and Council  
City of Goodyear, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Goodyear (the City), Arizona, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodyear, Arizona, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Council  
City of Goodyear, Arizona

The management's discussion and analysis and budgetary comparison information on pages 5 through 13 and 59 through 61 and 74 through 84, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodyear, Arizona basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The accompanying financial information listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Henry H. H. H., P.C.*

April 8, 2005

## **FINANCIAL SECTION**

### **MANAGEMENT'S DISCUSSION & ANALYSIS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Goodyear, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2004 (2004). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vii-xx of this report.

### FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2004 as follows:

- The City's total net assets of governmental activities increased \$47.1 million to \$229.7 million and business-type activities increased \$13.7 million to \$51.1 million representing 82.1% and 17.9% respectively, of the total net assets of \$280.8 million.
- General revenues from governmental activities accounted for \$32.4 million in revenue, or 35.9% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$57.5 million or 64.1% of total governmental activities revenues. The City had \$28.6 million of program revenues and \$188,000 in general revenues related to business-type activities.
- The City had \$43 million in expenses related to governmental activities; of which \$57.5 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$32.4 million were adequate to provide for the remaining costs of these programs. The City had \$15.8 million in expenses related to business-type activities. Program specific charges for services or grants and contributions of \$29.2 million were adequate to offset the costs.
- Among major governmental funds, the General Fund had \$35.2 million in revenues, which primarily consisted of taxes, licenses and permits, charges for services and intergovernmental revenues. The total expenditures of the General Fund were \$29.8 million. The General Fund's fund balance increased from \$13.8 million to \$18.7 million. This increase was primarily due to revenues increasing faster than operating expenditures. The Community Facilities District – Debt Service Fund had revenues of \$4.6 million, which consisted of taxes and special assessments, and expenditures of \$4.1 million. The Capital Improvement Projects Fund had revenue of \$1.0 million, which consisted mainly of developer reimbursements, and expenditures of \$15.3 million. The fund balance of the Capital Improvement Projects Fund decreased by \$4.0 million from the prior year primarily due to the expenditure of bond proceeds received in the previous year. The Community Facilities District – Capital Projects Funds fund balance decreased by \$6.9 million primarily due to the expenditure of bond proceeds received in the previous year.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the City's activities are presented in the following categories:

- **Governmental activities** – Most of the City's basic services are included here, such as general government, public safety, highways and streets, public works, culture and recreation, and community development. Sales taxes, intergovernmental, and charges for services revenue finance most of these activities.
- **Business-type activities** – The services provided by the City included here are water, wastewater, and sanitation services. These services are financed through user fees and charges.

The government-wide financial statements can be found on pages 17-19 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations are on pages 23 and 26, respectively.

The City maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Facilities Districts – Debt Service, Capital Improvement Projects and Community Facilities Districts – Capital Projects Funds, all of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules beginning on page 64 of this report.

The governmental fund financial statements can be found on pages 20 – 27 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses separate enterprise funds to account for its water and sewer services and its sanitation services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary

fund financial statements provide information for the water and sewer fund and the sanitation fund, both of which are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 28 – 31 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on pages 32 – 33 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 – 56 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budget process. The City adopts an annual budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required supplementary information. The required supplementary information can be found on page 27 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information on budgets. Combining and individual fund statements and schedules can be found on pages 64 – 71 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$280.8 million as of June 30, 2004.

By far the largest portion of the City's net assets (78.7 %) reflect its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, vehicles, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens, consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the City net assets (2.1 %) are restricted for the specified purposes of debt service repayment.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following tables present a summary of the City's net assets for the fiscal years ended June 30, 2004 and 2003.

2004			
	Governmental	Business-type	
	Activities	Activities	Total
Current assets	\$ 55,288,445	\$ 10,871,602	\$ 66,160,047
Internal balances	12,336,547	(12,336,547)	-
Restricted assets	10,401,695		10,401,695
Capital assets, net	261,064,851	62,461,518	323,526,369
<b>Total assets</b>	<b>339,091,538</b>	<b>60,996,573</b>	<b>400,088,111</b>
Current liabilities	9,609,204	6,075,115	15,684,319
Noncurrent liabilities	99,785,293	3,792,958	103,578,251
<b>Total liabilities</b>	<b>109,394,497</b>	<b>9,868,073</b>	<b>119,262,570</b>
Net assets			
Invested in capital assets, net of related debt	162,387,951	46,277,707	208,665,658
Restricted for grant purposes	121,571		121,571
Restricted for debt service	6,388,963		6,388,963
Restricted for capital projects	21,129,201		21,129,201
Unrestricted	39,669,358	4,850,793	44,520,151
<b>Total net assets</b>	<b>\$229,697,044</b>	<b>\$ 51,128,500</b>	<b>\$ 280,825,544</b>

2003			
	Governmental	Business-type	
	Activities	Activities	Total
Current assets	\$ 54,104,377	\$ 9,996,888	\$ 64,101,265
Restricted assets	22,315,357	335,500	22,650,857
Capital assets, net	113,679,776	43,832,163	157,511,939
<b>Total assets</b>	<b>190,099,510</b>	<b>54,164,551</b>	<b>244,264,061</b>
Current liabilities	7,481,929	2,830,805	10,312,734
Noncurrent liabilities	74,739,563	15,003,263	89,742,826
<b>Total liabilities</b>	<b>82,221,492</b>	<b>17,834,068</b>	<b>100,055,560</b>
Net assets			
Invested in capital assets, net of related debt	73,017,558	40,297,163	113,314,721
Restricted for debt service	3,058,777	335,500	3,394,277
Unrestricted	31,801,683	(4,302,180)	27,499,503
<b>Total net assets</b>	<b>\$107,878,018</b>	<b>\$ 36,330,483</b>	<b>\$ 144,208,501</b>

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The issuance of \$10.8 million in general obligation bonds.
- The issuance of \$16.3 million in community facilities district bonds.
- The addition of \$80.3 million in governmental activities capital assets through the continued construction of system infrastructure, including developer contributions, and equipment additions.



- The addition of \$21.9 million in business-type activities capital assets through the continued construction of system infrastructure, including developer contributions, and equipment additions.

**Changes in net assets.** The City's total revenues for the fiscal year ended June 30, 2004 were \$119.1 million. The total cost of all programs and services was \$58.8 million. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2004.

	2004		
	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program revenues			
Charges for services	\$10,555,004	\$ 16,492,071	\$ 27,047,075
Operating grants and contributions	109,956	-	109,956
Capital grants and contributions	46,863,563	12,702,625	59,566,188
General revenues:			
Sales taxes	17,342,116	-	17,342,116
Property taxes	7,187,270	-	7,187,270
Franchise taxes	958,006	-	958,006
State shared revenue	5,756,754	-	5,756,754
Investment income	556,145	119,849	675,994
Miscellaneous	408,114	67,756	475,870
<b>Total Revenues</b>	<b>\$89,736,928</b>	<b>\$ 29,382,301</b>	<b>\$ 119,119,229</b>
<b>Expenses</b>			
General government	\$ 8,541,514	\$ -	\$ 8,541,514
Public safety	14,739,539	-	14,739,539
Highways and streets	4,217,554	-	4,217,554
Public works	2,744,892	-	2,744,892
Culture and recreation	1,716,362	-	1,716,362
Community development	5,386,786	-	5,386,786
Interest on long-term debt	5,649,175	-	5,649,175
Water and sewer	-	13,696,021	13,696,021
Sanitation	-	2,133,917	2,133,917
<b>Total expenses</b>	<b>\$42,995,822</b>	<b>\$ 15,829,938</b>	<b>\$ 58,825,760</b>
<b>Transfers</b>	<b>(799,999)</b>	<b>799,999</b>	
<b>Increase (decrease) in net assets</b>	<b>\$45,941,107</b>	<b>\$ 14,352,362</b>	<b>\$ 60,293,469</b>

	2003		
	Governmental	Business-type	Total
	Activities	Activities	
<b>Revenues</b>			
Program revenues			
Charges for services	\$11,223,001	\$ 8,004,266	\$ 19,227,267
Operating grants and contributions	397,092	-	397,092
Capital grants and contributions	9,475,823	4,813,617	14,289,440
General revenues:			
Sales taxes	14,610,889	-	14,610,889
Property taxes	5,718,332	-	5,718,332
Franchise taxes	781,808	-	781,808
State shared revenue	5,587,983	-	5,587,983
Investment income (loss)	(499,021)	152,306	(346,715)
Miscellaneous	233,858	82,345	316,203
<b>Total Revenues</b>	<b>\$47,529,765</b>	<b>\$13,052,534</b>	<b>\$ 60,582,299</b>
<b>Expenses</b>			
General government	\$10,794,989	\$ -	\$ 10,794,989
Public safety	12,198,244	-	12,198,244
Highways and streets	6,433,665	-	6,433,665
Public works	3,409,198	-	3,409,198
Culture and recreation	1,925,726	-	1,925,726
Community development	888,182	-	888,182
Interest on long-term debt	4,153,359	-	4,153,359
Water and sewer	-	9,535,629	9,535,629
Sanitation	-	1,911,839	1,911,839
<b>Total expenses</b>	<b>\$39,803,363</b>	<b>\$11,447,468</b>	<b>\$ 51,250,831</b>
<b>Transfers</b>	<b>2,257,938</b>	<b>(2,257,938)</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 9,984,340</b>	<b>\$ (652,872)</b>	<b>\$ 9,331,468</b>

**Governmental and Business-type activities.** The following table presents the cost of the nine major City functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

	Total Expenses	Net (Expense)/ Revenue
<b>Governmental Activities</b>		
General government	\$ 8,541,514	\$ (8,279,790)
Public safety	14,739,539	(14,289,087)
Highways and streets	4,217,554	36,342,130
Public works	2,744,892	4,666,976
Culture and recreation	1,716,362	(1,646,461)
Community development	5,386,786	3,388,108
Interest on long-term debt	5,649,175	(5,649,175)
<b>Total expenses</b>	<b>42,995,822</b>	<b>14,532,701</b>
<b>Business-Type Activities</b>		
Water and Sewer	13,696,021	13,163,128
Sanitation	2,133,917	201,630
<b>Total expenses</b>	<b>15,829,938</b>	<b>13,364,758</b>
<b>Total</b>	<b>\$ 58,825,760</b>	<b>\$ 27,897,459</b>

- The cost of all governmental activities this year was \$43 million. The cost of all business-type activities this year was \$13.4 million.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$55.0 million.

The General Fund is the principal operating fund of the City. The increase in fund balance of \$4.9 million in the General Fund to \$18.7 million as of June 30, 2004 was a result of increased revenues from tax revenues. The Community Facilities Districts – Debt Service Fund balance showed an increase of \$1.8 million to \$6.4 million as of June 30, 2004. The Capital Improvement Projects Fund showed a fund balance decrease of \$4.0 million to \$9.2 million as of June 30, 2004 as a result of the expenditure of bond proceeds from the previous year. The Community Facilities Districts – Capital Projects Funds had a fund balance decrease of \$6.9 million to \$11.9 million as of June 30, 2004 also as a result of the expenditure of bond proceeds from the previous year.

**Proprietary funds.** Net assets of the Enterprise Funds at the end of the year amounted to \$51.1 million. The increase of \$14.4 in the Enterprise Funds from the fiscal year ended June 30, 2004 was the result of the contribution of \$12.1 million in infrastructure by developers.

## BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. The schedules filed with the Auditor General's office list the original budget adopted for the prior year, estimated expenditures through the end of the fiscal year and the adopted current year's budget. The City did not revise the annual operating budget during the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2004, the City had invested \$323.5 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$8.3 million.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal year ended June 30, 2004.

	Governmental Activities	Business-type Activities	Total
Land	\$ 16,574,557	\$ 3,158,615	\$ 19,733,172
Right of way	112,808,609	-	112,808,609
Streetscape	5,771,420	-	5,771,420
Infrastructure	133,239,127	-	133,239,127
Buildings and improvements	17,109,277	-	17,109,277
Vehicles, furniture and equipment	19,339,460	11,060,162	30,399,622
Improvements other than buildings	-	55,328,608	55,328,608
Construction in progress	-	6,848,089	6,848,089
Accumulated depreciation	(43,777,599)	(13,933,956)	(57,711,555)
Total	\$ 261,064,851	\$ 62,461,518	\$ 323,526,369

Additional information on the City's capital assets can be found in Note 4 on pages 45-46 of this report.

**Debt Administration.** As year-end, the City had \$98.7 million in governmental long-term debt outstanding with \$530,000 due within one year. The City had \$3.0 million in business-type long-term debt outstanding, \$140,000 due within one year. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2004.

	Governmental Activities	Business-type Activities
General obligation bonds payable	\$ 30,395,000	\$ -
Community facilities districts bonds payable	59,996,900	-
Loan payable	4,500,000	-
Revenue bonds payable	3,785,000	3,021,689
Total	\$ 98,676,900	\$ 3,021,689

The Arizona constitution limits the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the City is \$52.9 million. The City has \$20.1 million outstanding general obligation debt for these purposes. State statutes also currently limit the amount of general obligation debt a city may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is \$15.9 million less direct bonded debt outstanding of \$11.6 million.

Additional information on the City's long-term debt can be found in Notes 5 – 9 on pages 46 – 51 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The unemployment rate in the metropolitan Phoenix region for June 2004 was 4.1%, which remains below both the state (4.9%) and national average (5.5%). While the regional economy remains strong, it is traditionally largely driven by construction, due to the continued population growth of the state and metropolitan area, as well as the financial services and tourism sectors. Arizona cities remain dependant on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy.

Because of the continued growth of the community, Goodyear's revenues have continued to increase. Goodyear continues to attract new retail businesses, restaurants, and employment businesses, helping to increase the City's sales tax base. The adopted fiscal year 2004-05 budget expects sales tax revenues to increase 15.4%, while total General Fund operating revenues are expected to increase 14.0%.

To ensure the City remains financially strong, the adopted fiscal year 2004-05 budget is \$153.3 million (up 20% from 2003-04). It includes a \$46.3 million operating budget (an increase of 21.9% from 2003-04) and a \$107.0 million capital projects budget (up 19.5% from 2003-04). The fiscal year 2004-05 budget included 57 new staff positions to support City services.

The City has continued to build cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of a growing city. The City has established reserves within the General Fund in accordance with the City's adopted financial policies.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the City's Controller, City of Goodyear, 190 N. Litchfield Road, Goodyear, Arizona 85338 or by mail at P.O. Box 5100, Goodyear, Arizona 85338.

Complete Financial Statements for each of the individual component units may be obtained at the entity's administrative offices.



## **FINANCIAL SECTION**

### **BASIC FINANCIAL STATEMENTS**





City of Goodyear  
Statement of Net Assets  
June 30, 2004

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 33,901,415	\$ 8,501,999	\$ 42,403,414
Receivables (net of allowance for uncollectibles)	21,329,195	1,256,849	22,586,044
Due from other governments	-	909,386	909,386
Internal balances	12,336,547	(12,336,547)	-
Inventories	40,838	133,835	174,673
Prepaid items	17,000	69,533	86,533
Restricted cash and cash equivalents	10,401,695	-	10,401,695
Capital assets:			
Land and construction in progress	135,154,586	10,006,704	145,161,290
Other capital assts (net of accumulated depreciation)	125,910,265	52,454,814	178,365,079
Total assets	<u>339,091,541</u>	<u>60,996,573</u>	<u>400,088,114</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	4,731,439	3,507,569	8,239,008
Accrued payroll and employee benefits	700,705	66,122	766,827
Accrued interest payable	2,012,768	60,000	2,072,768
Deposits held for others	688,038	197,622	885,660
Unearned revenue	510,550	2,073,030	2,583,580
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences	433,404	30,772	464,176
Current portion of bonds payable	532,300	140,000	672,300
Due in more than on year:			
Noncurrent portion of compensated absences	1,640,693	85,694	1,726,387
Noncurrent portion of loans payable	4,500,000	-	4,500,000
Noncurrent portion of bonds payable	93,644,600	2,881,689	96,526,289
Noncurrent portion of interest payable	-	825,575	825,575
Total liabilities	<u>109,394,497</u>	<u>9,868,073</u>	<u>119,262,570</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	162,387,951	46,277,707	208,665,658
Restricted for:			
Special revenue purposes	8,731,725	-	8,731,725
Debt service	6,388,963	-	6,388,963
Capital projects	21,129,201	-	21,129,201
Unrestricted	31,059,204	4,850,793	35,909,997
Total net assets	<u>\$ 229,697,044</u>	<u>\$ 51,128,500</u>	<u>\$ 280,825,544</u>

See accompanying notes.

City of Goodyear  
Statement of Activities  
For The Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,541,514	\$ 207,089	\$ -	\$ 54,635
Public safety	14,739,539	340,496	109,956	-
Highways and streets	4,217,554	960,488	-	39,599,196
Public works	2,744,892	202,136	-	7,209,732
Culture and recreation	1,716,362	69,901	-	-
Community development	5,386,786	8,774,894	-	-
Interest on long-term debt	5,649,175	-	-	-
Total governmental activities	<u>42,995,822</u>	<u>10,555,004</u>	<u>109,956</u>	<u>46,863,563</u>
Business-type activities:				
Water and sewer	13,696,021	14,156,524	-	12,702,625
Sanitation	2,133,917	2,335,547	-	-
Total business-type activities	<u>15,829,938</u>	<u>16,492,071</u>	<u>-</u>	<u>12,702,625</u>
Total primary government	<u>\$ 58,825,760</u>	<u>\$ 27,047,075</u>	<u>\$ 109,956</u>	<u>\$ 59,566,188</u>

General revenues:

Sales taxes  
Property taxes  
Franchise taxes  
State shared revenues  
Investment income  
Miscellaneous

Transfers in (out)

Total general revenues and transfers

Changes in net assets

Net assets, beginning of year

Prior period adjustment

Net assets, beginning of year, restated

Net assets, end of year

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (8,279,790)	\$ -	\$ (8,279,790)
(14,289,087)	-	(14,289,087)
36,342,130	-	36,342,130
4,666,976	-	4,666,976
(1,646,461)	-	(1,646,461)
3,388,108	-	3,388,108
(5,649,175)	-	(5,649,175)
<u>14,532,701</u>	<u>-</u>	<u>14,532,701</u>
-	13,163,128	13,163,128
-	201,630	201,630
<u>-</u>	<u>13,364,758</u>	<u>13,364,758</u>
<u>14,532,701</u>	<u>13,364,758</u>	<u>27,897,459</u>
17,342,116	-	17,342,116
7,187,270	-	7,187,270
958,006	-	958,006
5,756,754	-	5,756,754
556,145	119,849	675,994
408,114	67,756	475,870
(799,999)	799,999	-
<u>31,408,406</u>	<u>987,604</u>	<u>32,396,010</u>
<u>45,941,107</u>	<u>14,352,362</u>	<u>60,293,469</u>
107,803,146	36,330,483	144,133,629
75,952,791	445,655	76,398,446
<u>183,755,937</u>	<u>36,776,138</u>	<u>220,532,075</u>
<u>\$ 229,697,044</u>	<u>\$ 51,128,500</u>	<u>\$ 280,825,544</u>

City of Goodyear  
Balance Sheet  
Governmental Funds  
June 30, 2004

	General	Community Facilities Districts- Debt Service	Capital Improvement Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,369,851	\$ 6,534,215	\$ 11,753,585
Taxes receivable	4,079,824	49,877	-
Interest receivable	27,736	6,341	35,247
Accounts receivable	204,504	-	156,871
Special assessments receivable	-	16,433,552	-
Due from other funds	12,758,847	310,070	-
Inventories	11,249	-	-
Prepaid items	-	-	-
Restricted cash and cash equivalents	-	-	8,410
<b>Total assets</b>	<b>\$ 21,452,011</b>	<b>\$ 23,334,055</b>	<b>\$ 11,954,113</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,469,458	\$ -	\$ 2,727,668
Accrued payroll and employee benefits	815,171	-	-
Accrued interest payable	-	17,060	-
Deposits held for others	380,113	163,093	-
Due to other funds	50,567	309,462	-
Deferred revenue	35,549	16,455,976	1,479
<b>Total liabilities</b>	<b>2,750,858</b>	<b>16,945,591</b>	<b>2,729,147</b>
Fund balances:			
Reserved:			
Debt service	-	6,388,464	-
Unreserved:			
Designated for capital replacement	4,347,756	-	-
Unreserved, reported in:			
General fund	14,353,397	-	-
Special revenue funds	-	-	-
Capital improvements	-	-	9,224,966
<b>Total fund balances</b>	<b>18,701,153</b>	<b>6,388,464</b>	<b>9,224,966</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,452,011</b>	<b>\$ 23,334,055</b>	<b>\$ 11,954,113</b>

Community Facilities Districts- Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,524,821	\$ 9,718,943	\$ 33,901,415
-	209,375	4,339,076
4,120	13,252	86,696
3,825	104,671	469,871
-	-	16,433,552
-	71,776	13,140,693
-	29,589	40,838
-	17,000	17,000
10,393,285	-	10,401,695
<u>\$ 11,926,051</u>	<u>\$ 10,164,606</u>	<u>\$ 78,830,836</u>

\$ -	\$ 534,312	\$ 4,731,438
-	20,137	835,308
-	237,719	254,779
-	144,832	688,038
21,816	422,301	804,146
-	73,081	16,566,085
<u>21,816</u>	<u>1,432,382</u>	<u>23,879,794</u>

-	499	6,388,963
-	-	4,347,756
-	-	14,353,397
-	8,731,725	8,731,725
11,904,235	-	21,129,201
<u>11,904,235</u>	<u>8,732,224</u>	<u>54,951,042</u>
<u>\$ 11,926,051</u>	<u>\$ 10,164,606</u>	<u>\$ 78,830,836</u>



City of Goodyear  
Reconciliation of the Balance Sheet to the Statement of Net Assets  
Governmental Funds  
June 30, 2004

Total governmental fund balances \$ 54,951,042

Amounts reported for governmental activities in the Statement of  
Net Assets are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the  
governmental funds.

Governmental capital assets	304,842,450	
Less accumulated depreciation	<u>(43,777,599)</u>	261,064,851

Certain revenues earned but not received within 60 days of  
year-end are deferred for the governmental statements,  
but are recognized as revenue for the government-wide  
statements.

Property taxes	103,068	
Special assessments	<u>15,952,466</u>	16,055,534

Interest payable on long-term debt is not reported in the  
governmental funds. (1,757,989)

Long-term liabilities are not due and payable in the  
current period and therefore are not reported in the funds.

Compensated absences payable	(1,939,494)	
Loan payable	(4,500,000)	
Bonds payable	<u>(94,176,900)</u>	<u>(100,616,394)</u>

Net assets of governmental activities		<u><u>\$ 229,697,044</u></u>
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City of Goodyear  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For The Year Ended June 30, 2004

	General	Community Facilities Districts Debt Service	Capital Improvement Projects
<b>REVENUES</b>			
Taxes	\$ 21,331,406	\$ 2,024,473	\$ -
Licenses and permits	6,785,229	-	-
Intergovernmental revenues	4,041,351	-	-
Charges for services	2,188,628	-	834,431
Fines and forfeits	332,046	-	-
Investment income	137,467	99,518	167,713
Special assessments	-	1,555,984	-
Contributions	27,175	895,641	-
Miscellaneous	335,394	4,157	-
Total revenues	<u>35,178,696</u>	<u>4,579,773</u>	<u>1,002,144</u>
<b>EXPENDITURES</b>			
Current:			
General government	6,602,838	-	-
Public safety	12,027,888	-	-
Highways and streets	1,574	-	-
Public works	2,002,948	-	-
Culture and recreation	1,699,797	-	-
Community development	5,516,271	-	-
Capital outlay	1,926,727	-	15,325,910
Debt service:			
Principal retirement	-	1,241,580	-
Interest and fiscal charges	19,000	2,840,493	-
Total expenditures	<u>29,797,043</u>	<u>4,082,073</u>	<u>15,325,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,381,653</u>	<u>497,700</u>	<u>(14,323,766)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the sale of bonds	-	-	10,800,000
Transfers in	-	1,324,049	-
Transfers out	(518,100)	-	(500,259)
Total other financing sources and uses	<u>(518,100)</u>	<u>1,324,049</u>	<u>10,299,741</u>
Net change in fund balances	<u>4,863,553</u>	<u>1,821,749</u>	<u>(4,024,025)</u>
Fund balances, beginning of year	12,456,038	3,027,055	13,248,991
Prior period adjustment	1,381,562	1,539,660	-
Fund balances, beginning of year, restated	<u>13,837,600</u>	<u>4,566,715</u>	<u>13,248,991</u>
Fund balances , end of year	<u>\$ 18,701,153</u>	<u>\$ 6,388,464</u>	<u>\$ 9,224,966</u>

See accompanying notes.



Community Facilities Districts Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,151,420	\$ 25,507,299
-	-	6,785,229
-	1,770,038	5,811,389
-	6,034,262	9,057,321
-	-	332,046
86,551	75,893	567,142
-	-	1,555,984
567,807	71,567	1,562,190
-	261,098	600,649
<u>654,358</u>	<u>10,364,278</u>	<u>51,779,249</u>
-	688,260	7,291,098
-	25,116	12,053,004
-	1,802,880	1,804,454
-	-	2,002,948
-	-	1,699,797
-	26,920	5,543,191
21,730,745	1,728,902	40,712,284
-	1,730,000	2,971,580
-	1,161,213	4,020,706
<u>21,730,745</u>	<u>7,163,291</u>	<u>78,099,062</u>
<u>(21,076,387)</u>	<u>3,200,987</u>	<u>(26,319,813)</u>
16,250,000	-	27,050,000
-	918,100	2,242,149
(2,023,789)	-	(3,042,148)
<u>14,226,211</u>	<u>918,100</u>	<u>26,250,001</u>
<u>(6,850,176)</u>	<u>4,119,087</u>	<u>(69,812)</u>
18,754,411	4,613,137	52,099,632
-	-	2,921,222
<u>18,754,411</u>	<u>4,613,137</u>	<u>55,020,854</u>
<u>\$ 11,904,235</u>	<u>\$ 8,732,224</u>	<u>\$ 54,951,042</u>

City of Goodyear  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For The Year Ended June 30, 2004

Net change in fund balances - total governmental funds \$ (69,812)

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of those assets  
is allocated over their estimated useful lives as depreciation  
expense. Also, assets contributed to the City are not reported in  
the fund statement and are reported in the Statement of Activities.

Contributions	39,599,195	
Expenditures for capitalized assets	40,712,285	
Less current year depreciation	<u>(6,395,202)</u>	73,916,278

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the funds.

Property taxes	13,644
Special assessments	(1,655,161)

Bond proceeds provide current financial resources to the  
governmental funds, but issuing debt increases long-term  
liabilities in the Statement of Activities. (27,050,000)

Interest expense in the Statement of Activities differs from the  
amount reported in governmental funds because accrued  
interest was calculated for bonds and notes payable for the  
Statement of Activities, but is expensed when due for the  
governmental fund statements. (1,757,989)

Repayment of long-term debt are expenditures in the  
governmental funds, but the repayment reduces long-term  
liabilities in the Statement of Net Assets.

Bond principal retirement	2,706,100	
Loan principal retirement	<u>395,000</u>	3,101,100

Compensated absences expenses reported in the Statement of  
Activities do not require the use of current financial resources  
and therefore are not reported as expenditures in governmental  
funds. (556,953)

Change in net assets of governmental activities \$ 45,941,107

See accompanying notes.

City of Goodyear  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 18,936,393	\$ 18,936,393	\$ 21,331,406	\$ 2,395,013
Licenses and permits	3,836,346	3,836,346	6,785,229	2,948,883
Intergovernmental revenues	3,628,322	3,628,322	4,041,351	413,029
Charges for services	1,887,239	1,887,239	2,188,628	301,389
Fines and forfeits	512,779	512,779	332,046	(180,733)
Investment income	-	-	137,467	137,467
Contributions	559,468	559,468	27,175	(532,293)
Miscellaneous	189,880	189,880	335,394	145,514
Total revenues	<u>29,550,427</u>	<u>29,550,427</u>	<u>35,178,696</u>	<u>5,628,269</u>
EXPENDITURES				
Current:				
General government	7,640,194	7,640,194	6,602,838	1,037,356
Public safety	13,226,800	13,226,800	12,027,888	1,198,912
Highways and streets	285,010	285,010	1,574	283,436
Public works	1,863,462	1,863,462	2,002,948	(139,486)
Culture and recreation	1,959,729	1,959,729	1,699,797	259,932
Community development	5,574,000	5,574,000	5,516,271	57,729
Capital outlay	3,610,818	3,610,818	1,926,727	1,684,091
Debt Service:				
Interest and fiscal charges	-	-	19,000	(19,000)
Total expenditures	<u>34,160,013</u>	<u>34,160,013</u>	<u>29,797,043</u>	<u>4,362,970</u>
Excess (deficiency) of revenues over expenditures	<u>(4,609,586)</u>	<u>(4,609,586)</u>	<u>5,381,653</u>	<u>9,991,239</u>
OTHER FINANCING SOURCES				
Transfers in	1,784,863	1,784,863	-	(1,784,863)
Transfers out	-	-	(518,100)	(518,100)
Total other financing sources	<u>1,784,863</u>	<u>1,784,863</u>	<u>(518,100)</u>	<u>(2,302,963)</u>
Net change in fund balance	<u>(2,824,723)</u>	<u>(2,824,723)</u>	<u>4,863,553</u>	<u>7,688,276</u>
Fund balances, beginning of year	2,824,723	2,824,723	12,456,038	9,631,315
Prior period adjustment	<u>-</u>	<u>-</u>	<u>1,381,562</u>	<u>1,381,562</u>
Fund balances, beginning of year, restated	<u>2,824,723</u>	<u>2,824,723</u>	<u>13,837,600</u>	<u>11,012,877</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,701,153</u>	<u>\$ 18,701,153</u>

City of Goodyear  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,241,438	\$ 260,561	\$ 8,501,999
Interest receivable	29,612	699	30,311
Accounts receivable	906,256	320,282	1,226,538
Prepaid items	69,533	-	69,533
Due from other governments	909,386	-	909,386
Inventories	133,835	-	133,835
Total current assets	<u>10,290,060</u>	<u>581,542</u>	<u>10,871,602</u>
Noncurrent assets:			
Non-depreciable capital assets	10,006,704	-	10,006,704
Depreciable capital assets	52,294,983	159,831	52,454,814
Total noncurrent assets	<u>62,301,687</u>	<u>159,831</u>	<u>62,461,518</u>
Total assets	<u>72,591,747</u>	<u>741,373</u>	<u>73,333,120</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	3,162,611	144,755	3,307,366
Accrued payroll and employee benefits	52,522	13,600	66,122
Accrued liabilities	200,203	-	200,203
Accrued interest payable	60,000	-	60,000
Due to other funds	12,336,547	-	12,336,547
Deposits held for others	197,622	-	197,622
Deferred revenue	2,073,030	-	2,073,030
Compensated absences payable	24,739	6,033	30,772
Revenue bonds payable	140,000	-	140,000
Total current liabilities	<u>18,247,274</u>	<u>164,388</u>	<u>18,411,662</u>
Noncurrent liabilities:			
Compensated absences payable	66,341	19,353	85,694
Loan payable	2,881,689	-	2,881,689
Revenue bonds payable	825,575	-	825,575
Total noncurrent liabilities	<u>3,773,605</u>	<u>19,353</u>	<u>3,792,958</u>
Total liabilities	<u>22,020,879</u>	<u>183,741</u>	<u>22,204,620</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	46,117,876	159,831	46,277,707
Unrestricted	4,452,992	397,801	4,850,793
Total net assets	<u>\$ 50,570,868</u>	<u>\$ 557,632</u>	<u>\$ 51,128,500</u>

See accompanying notes.

City of Goodyear  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For The Year Ended June 30, 2004

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
Operating revenues:			
Charges for service	\$ 14,156,524	\$ 2,335,547	\$ 16,492,071
Miscellaneous	43,373	24,383	67,756
Total operating revenue	<u>14,199,897</u>	<u>2,359,930</u>	<u>16,559,827</u>
Operating expenses:			
Administration	1,402,583	357,400	1,759,983
Costs of sales and services	10,465,823	1,651,068	12,116,891
Depreciation	1,827,615	125,449	1,953,064
Total operating expenses	<u>13,696,021</u>	<u>2,133,917</u>	<u>15,829,938</u>
Operating income	<u>503,876</u>	<u>226,013</u>	<u>729,889</u>
Nonoperating revenues (expenses):			
Investment income	116,811	3,038	119,849
Total nonoperating revenues	<u>116,811</u>	<u>3,038</u>	<u>119,849</u>
Income before capital contributions and transfers	620,687	229,051	849,738
Capital contributions	12,702,625	-	12,702,625
Transfers in	1,200,000	-	1,200,000
Transfers out	<u>(400,001)</u>	<u>-</u>	<u>(400,001)</u>
Change in net assets	<u>14,123,311</u>	<u>229,051</u>	<u>14,352,362</u>
Total net assets, beginning of year	36,001,902	328,581	36,330,483
Prior period adjustment	445,655	-	445,655
Total net assets, beginning of year - restated	<u>36,447,557</u>	<u>328,581</u>	<u>36,776,138</u>
Total net assets, end of year	<u>\$ 50,570,868</u>	<u>\$ 557,632</u>	<u>\$ 51,128,500</u>

City of Goodyear  
Statement of Cash Flows  
Proprietary Funds  
For The Year Ended June 30, 2004

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
Cash flows from operating activities:			
Received from customers	\$ 14,245,039	\$ 2,292,359	\$ 16,537,398
Payments to vendors	(6,062,007)	(2,026,826)	(8,088,833)
Payments to employees	(1,377,287)	(338,986)	(1,716,273)
Net cash provided (used) by operating activities	6,805,745	(73,453)	6,732,292
Cash flows from noncapital and related financing activities:			
Interfund borrowing	1,200,000	-	1,200,000
Interfund transfers	(400,001)	-	(400,001)
Net cash provided for noncapital and related financing activities	799,999	-	799,999
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(19,700,705)	-	(19,700,705)
Proceeds from capital debt	2,881,689	-	2,881,689
Principal paid on long-term debt	(2,056,114)	-	(2,056,114)
Interest paid on long-term debt	(577,646)	-	(577,646)
Development impact fees received	12,678,030	-	12,678,030
Net cash used for capital and related financing activities	(6,774,746)	-	(6,774,746)
Cash flows from investing activities:			
Investment income received	87,199	2,896	90,095
Net cash provided by investing activities	87,199	2,896	90,095
Net change in cash and cash equivalents	918,197	(70,557)	847,640
Cash and cash equivalents, beginning of year	7,323,241	331,118	7,654,359
Cash and cash equivalents, end of year	\$ 8,241,438	\$ 260,561	\$ 8,501,999

See accompanying notes.

City of Goodyear  
Statement of Cash Flows  
Proprietary Funds  
For The Year Ended June 30, 2004

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income	\$ 503,876	\$ 226,013	\$ 729,889
Adjustment to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	1,827,615	125,449	1,953,064
(Increase) decrease in:			
Accounts receivable	(18,907)	(67,571)	(86,478)
Prepaid items	1,754,045	-	1,754,045
Increase (decrease) in:			
Accounts payable	2,449,567	(2,909)	2,446,658
Accrued payroll and employee benefits	24,740	7,658	32,398
Accrued liabilities	200,203	-	200,203
Due to other funds	-	(372,849)	(372,849)
Deposits held for others	64,050	-	64,050
Compensated absences payable	556	10,756	11,312
Net cash provided (used) by operating activities	<u>\$ 6,805,745</u>	<u>\$ (73,453)</u>	<u>\$ 6,732,292</u>

City of Goodyear  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2004

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 335,400
Interest receivable	<u>3</u>
Total assets	<u>335,403</u>
LIABILITIES	
Accounts payable	1,327
Accrued liabilities	<u>2,381</u>
Total liabilities	<u>3,708</u>
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 331,695</u></u>



City of Goodyear  
Statement of Changes in Fiduciary Net Assets  
Pension Trust Fund  
For The Year Ended June 30, 2004

	<u>Pension Trust</u>
ADDITIONS	
· Contributions:	
Total contributions	<u>\$ -</u>
Investment income	
Interest	<u>29,458</u>
Total investment income	<u>29,458</u>
Total additions	<u>29,458</u>
DEDUCTIONS	
Benefits	<u>751</u>
Total deductions	<u>751</u>
Net increase	28,707
Net assets, beginning of year	<u>302,988</u>
Net assets, end of year	<u><u>\$ 331,695</u></u>



## **FINANCIAL SECTION**

### **NOTES TO FINANCIAL STATEMENTS**



**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Goodyear, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

The City is a municipal entity governed by an elected Mayor and council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with data from the City, the primary government.

The financial reporting entity consists of a primary government, and its component units. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units are combined with the City for financial statement presentation purposes, and are not included in any other governmental reporting entity. Consequently, the City's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Units - The Goodyear Community Facilities General District No. 1, Goodyear Community Facilities Utilities District No. 1, Wildflower Ranch Community Facilities General District No. 1, Wildflower Ranch Community Facilities District No. 2, Estrella Mountain Ranch Community Facilities District No.1, Cottonflower Community Facilities District, Centerra Community Facilities District, and Cortina Community Facilities District were formed for the purpose of acquiring and improving public infrastructure in specified land areas. As special purpose districts and separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for District taxes and thus for the cost of operating the Districts. The City Council serves as the Board of Directors; however, the City has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the City's operations.

Complete financial statements for each of the individual component units may be obtained at the entities administrative offices.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) present financial information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state-shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Governmental-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect internal activity has been eliminated from the government-wide financial statements.

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses and permits, charges for service, special assessments and investment income associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenues as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Deferred revenues also arise when the City receives resources before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It accounts for all financial resources of the City, except those required to be accounted for in other funds.

Community Facilities District - Debt Service Fund - This fund accounts for the debt portion of the City's Community Facilities Districts which are component units that provide general infrastructure and capital assets for the property within each District's boundaries.

Capital Improvement Projects Funds - This fund accounts for all the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Community Facilities District - Capital Project's Funds - This fund accounts for all the acquisition and construction portion of the City's Community Facilities District which are component units provide general infrastructure and fixed assets for the property within each District's boundaries.

The City reports the following major proprietary funds:

Water and Sewer Fund - This fund accounts for the city's water and sewer utility operations.

Sanitation Fund - This fund is used to account for the activities of the City's sanitation operations.

The City reports the following fiduciary fund:

Pension Trust Fund - This Pension Trust Fund is used to account for the City's Volunteer Firefighter's Relief and Pension Fund, a defined contribution plan for which the assets are held by the City in a trustee capacity. The City, as well as, the City's firefighters make contributions to the fund.

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the City follows GASB guidance as applicable to its proprietary funds, and Financial Accounting Standards Boards Statements and Interpretations, Accounting Principals Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's enterprises fund are charges to customers for water, wastewater, and sanitation services. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The City's non-major funds are as follows:

**Special Revenue Funds**

Highway User Revenue Fund (HURF)	Grants Fund
Community Facilities Districts	Community Facilities Impact Fees
General Government Impact Fees	Public Works Impact Fees
Fire Impact Fees	Police Impact Fees
Transportation Impact Fees	Library Impact Fees

**Debt Service Fund**

**Debt Service Fund**

Fiduciary funds are reported by fund type.

**D. Cash and Cash Equivalents**

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the City upon demand. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

**E. Investments**

Arizona Revised Statutes (A.R.S.) authorize the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principle and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

The State's investment pool is managed by the State Treasurer's office with no regulatory oversight. The pool is not required to register with the Securities and Exchange Commission under the 1940 Investments Advisors Act. The activity and performance of the pool is reviewed monthly by the State Board of Investment in accordance with A.R.S. §35-311. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007. The fair value of a participant's position in the pool approximates the value of that participant's pool share.

**F. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans).



**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivables allowance for uncollectibles.

Property taxes are levied by the City and collected by the Maricopa County Treasurer. Property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquent date. Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

**G. Inventory**

Inventories are stated at average cost using the first-in/first-out (FIFO) method. Governmental funds maintain inventories using the consumption method of accounting.

**H. Prepaid Items**

Certain payments to vendors reflect the cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**I. Restricted Assets**

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and investments on the balance sheet because their use is limited by applicable bond covenants.

**J. Capital Assets**

Capital assets, which include land, buildings, improvements other than buildings, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF GOODYEAR, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Certain capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	20-65
Buildings	50
Improvement other than buildings	7-50
Vehicles, machinery and equipment	3-7

**K. Compensated Absences**

The City's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave and vacation benefits vest at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignation and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities compensated absences.

**L. Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities statements of net assets.

**M. Fund Equity**

In the fund financial statements, governmental funds report reservations of the fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management's intended use of resources and reflect actual plans approved by the government's senior management. At June 30, 2004, the City reserved and designated fund balance for several various purposes.

**N. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

**O. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 2 – CASH AND INVESTMENTS**

The levels of risk for all deposits and investments are disclosed in the following categories:

- |              |  |
|--------------|--|
| Deposits:    | <ol style="list-style-type: none"> <li>1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.</li> <li>2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.</li> <li>3. Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)</li> </ol>  |
| Investments: | <ol style="list-style-type: none"> <li>1. Insured or registered, or securities held by the entity or its agent in the entity's name.</li> <li>2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.</li> <li>3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities).</li> </ol> |

	Carrying Amount	Bank Balance			Bank Balance/ Fair Value
		Category 1	Category 2	Category 3	
Deposits:					
Cash in bank	(1,140,898)	100,000	-	537,202	637,202
Cash with trustee	15,044,918	200,000	-	14,801,200	15,001,200
Total deposits	<u>13,904,020</u>	<u>300,000</u>	<u>-</u>	<u>15,338,402</u>	<u>15,638,402</u>
Local Government					
Investment Pool	* 38,900,871				38,900,871
Pension investments	* 330,703				330,703
	<u>39,231,574</u>				<u>39,231,574</u>
Total	<u>\$ 53,135,594</u>				<u>\$ 54,869,976</u>

\* Not subject to categorization

Funds held in the State Treasurer's Local Government Investment Pool represents a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk.

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 3 – RECEIVABLES**

Receivables, net of allowance for uncollectibles as of year-end for the City's individual major governmental funds, nonmajor governmental funds in the aggregate are as follows:

	General Fund	Community Facilities Districts- Debt Service Fund	Capital Improvement Projects Fund	Community Facilities Districts- Capital Projects Fund	Non-Major Governmental Fund	Total
Receivables:						
Taxes	\$ 4,079,824	\$ 49,877	\$ -	\$ -	\$ 209,375	\$ 4,339,076
Interest	27,736	6,341	35,247	4,120	13,252	86,696
Accounts	206,363	-	156,871	3,825	104,671	471,730
Special assessments	-	16,433,552	-	-	-	16,433,552
	<u>4,313,923</u>	<u>16,489,770</u>	<u>192,118</u>	<u>7,945</u>	<u>327,298</u>	<u>21,331,054</u>
Less:						
Allowance	(1,859)	-	-	-	-	(1,859)
Net receivables	<u>\$ 4,312,064</u>	<u>\$ 16,489,770</u>	<u>\$ 192,118</u>	<u>\$ 7,945</u>	<u>\$ 327,298</u>	<u>\$ 21,329,195</u>

The following table summarizes the City's receivables for the enterprise funds as of June 30, 2004.

	Water and Sewer Fund	Sanitation Fund	Total
Receivables:			
Interest	\$ 29,612	\$ 699	\$ 30,311
Accounts	<u>1,124,256</u>	<u>320,282</u>	<u>1,444,538</u>
	<u>1,153,868</u>	<u>320,981</u>	<u>1,474,849</u>
Less:			
Allowance	(218,000)	-	(218,000)
Net receivables	<u>\$ 935,868</u>	<u>\$ 320,981</u>	<u>\$ 1,256,849</u>

Revenues of the Water and Sewer Fund and Sanitation Fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water and sewer	\$ 164,306
Uncollectibles related to sanitation	<u>-</u>
Total uncollectibles for the current year	<u>\$ 164,306</u>

**CITY OF GOODYEAR, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE 4 – CAPITAL ASSETS**

A summary of capital assets activity for the fiscal year ended June 30, 2004 follows.

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 6,066,870	\$ 10,507,687	\$ -	\$ 16,574,557
Right of way	73,468,797	39,339,812	-	112,808,609
Streetscape	5,771,420	-	-	5,771,420
Total capital assets not being depreciated	85,307,087	49,847,499	-	135,154,586
Capital assets, being depreciated:				
Infrastructure	105,138,216	28,100,911	-	133,239,127
Buildings and improvements	16,639,617	469,660	-	17,109,277
Vehicles, furniture and equipment	17,446,050	1,893,410	-	19,339,460
Total capital assets being depreciated	139,223,883	30,463,981	-	169,687,864
Less accumulated depreciation for:				
Infrastructure	(23,020,564)	(2,591,050)	-	(25,611,614)
Buildings and improvements	(1,639,942)	(342,138)	-	(1,982,080)
Vehicles, furniture and equipment	(12,721,891)	(3,462,014)	-	(16,183,905)
Total accumulated depreciation	(37,382,397)	(6,395,202)	-	(43,777,599)
Total capital assets, being depreciated, net	101,841,486	24,068,779	-	125,910,265
Governmental activities capital assets, net	<u>\$ 187,148,573</u>	<u>\$ 73,916,278</u>	<u>\$ -</u>	<u>\$ 261,064,851</u>

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 3,158,615	\$ -	\$ -	\$ 3,158,615
Construction in progress	1,870,296	6,978,426	(2,000,633)	6,848,089
Total capital assets not being depreciated	5,028,911	6,978,426	(2,000,633)	10,006,704
Capital assets, being depreciated:				
Improvements other than buildings	40,233,074	15,095,534	-	55,328,608
Vehicles, machinery and equipment	10,551,070	509,092	-	11,060,162
Total capital assets being depreciated	50,784,144	15,604,626	-	66,388,770
Less accumulated depreciation for:				
Improvements other than buildings	(6,030,561)	(1,518,567)	-	(7,549,128)
Vehicles, machinery and equipment	(5,950,331)	(434,497)	-	(6,384,828)
Total accumulated depreciation	(11,980,892)	(1,953,064)	-	(13,933,956)
Total capital assets, being depreciated, net	38,803,252	13,651,562	-	52,454,814
Business-Type activities capital assets, net	<u>\$ 43,832,163</u>	<u>\$ 20,629,988</u>	<u>\$ (2,000,633)</u>	<u>\$ 62,461,518</u>

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$1,009,601
Public safety	2,066,267
Highway and streets	2,591,050
Culture and recreation	16,278
Public works	712,006
Total depreciation expense	<u>\$6,395,202</u>
Business-type activities	
Water and wastewater	1,827,615
Sanitation	125,449
Total depreciation expense	<u>\$1,953,064</u>

**NOTE 5 – LOANS PAYABLE**

The City received a loan from the Greater Arizona Development Authority for the fire facilities and street and highway improvements. In addition, the City received two loans from the Water Infrastructure Finance Authority. The first loan will be used to acquire the rights and make improvements to existing capacity in the wastewater treatment plant owned by Litchfield Park Service Company (LPSCO). The second loan will be used to finance the planning and design of a pilot recharge project and to construct a well distribution line. The loans payable at June 30, 2004, are as follows:

Description	Interest Rate (Including Fees)	Maturity	Outstanding Principal June 30, 2004	Due Within One Year
Governmental activities:				
Greater Arizona Development Authority Loan	4.1 - 5.75%	7/1/04 - 13	\$ 4,500,000	\$ -
Total Governmental activities			<u>\$ 4,500,000</u>	<u>-</u>

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 5 – LOANS PAYABLE (Continued)**

Annual debt service requirements to maturity on the loans payable at June 30, 2004 are summarized as follows:

Fiscal year ending June 30,	Governmental Activities	
	Principal	Interest
2005	\$ -	\$ 99,784
2006	415,000	188,155
2007	440,000	167,723
2008	460,000	149,273
2009	475,000	129,986
2010-2014	2,710,000	315,631
Total	<u>\$ 4,500,000</u>	<u>\$ 1,050,552</u>

**NOTE 6 – BONDS PAYABLE**

Bonds payable at June 30, 2004, consisted of the outstanding general obligation and refunding bonds presented below. The bonds are generally callable with interest payable semiannually. Of the total amounts originally authorized, \$150,025,449 remains unissued. The bonds payable at June 30, 2004 are presented below.

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2004	Due Within One Year
General Obligation Bonds				
Project of 1988, Series 1992	7.40 - 8.00%	7/1/04 - 06	\$ 250,000	\$ -
General Obligation Bonds				
Series 1998	4.00 - 6.00%	7/1/04- 13	6,495,000	-
Refunding Bonds Series 2002	3.25 - 5.25%	7/1/05 - 08	2,300,000	-
General Obligation Bonds				
Series 2002	3.65 - 4.25%	7/1/04 - 17	10,550,000	-
General Obligation Bonds				
Series 2003	3.00 - 4.50%	7/1/08 - 18	10,800,000	-
Total			<u>\$ 30,395,000</u>	<u>\$ -</u>

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 6 – BONDS PAYABLE (Continued)**

Annual debt service requirements to maturity on governmental bonds payable at June 30, 2004 are summarized as follows:

<u>Fiscal year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ -	\$ 864,351
2006	1,390,000	1,218,837
2007	1,725,000	1,142,043
2008	1,940,000	1,056,359
2009	2,740,000	956,423
2010-2014	12,945,000	3,246,142
2015-2019	9,655,000	923,757
Total	<u>\$30,395,000</u>	<u>\$ 9,407,912</u>

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all further debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2004, the total outstanding on the defeased bonds was \$1,585,000.



**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 7 - REVENUE BONDS PAYABLE**

Revenue bonds payable at June 30, 2004 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

Governmental activities:

Description	Interest Rate	Maturity	Outstanding	Due Within
			Principal June 30, 2004	One Year
Public Improvement Corporation Municipal Facilities Revenue Bonds, Series 2002	4.00 - 6.00%	7/1/04 - 21	\$ 3,785,000	\$ -

Business-type activities:

Description	Interest Rate	Maturity	Outstanding	Due Within
			Principal June 30, 2004	One Year
Revenue Bonds, Series 1999	4.47 - 6.73%	7/1/04 - 18	\$ 2,985,000	\$ 140,000

Revenue bond debt service requirements to maturity as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2005	\$ -	\$ 89,343	\$ 140,000	\$ 60,000
2006	145,000	174,335	135,000	65,000
2007	155,000	165,335	130,000	70,000
2008	165,000	155,735	120,000	80,000
2009	175,000	145,535	115,000	70,000
2010-2014	985,000	604,116	1,360,000	1,030,000
2015-2019	1,245,000	361,162	985,000	1,265,000
2020-2022	915,000	64,866	-	-
Total	<u>\$ 3,785,000</u>	<u>\$ 1,760,427</u>	<u>\$ 2,985,000</u>	<u>\$ 2,640,000</u>

Revenue bonds in the business-type activities include \$36,689 of unamortized bond premium.

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 8 – COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE**

Community facilities district bonds payable at June 30, 2004 consisted of outstanding general obligation and special assessment bonds. The bonds are generally callable with interest payable semiannually. The community facilities district bonds payable at June 30, 2004, are presented below.

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2004	Due Within One Year
General District No. 1:				
G.O. Bonds, Series 1994	7.50%	7/15/04 - 09	\$ 130,000	\$ 20,000
G.O. Bonds, Series 1996 (A)	6.5 - 7.0%	7/15/10 - 21	500,000	-
G.O. Bonds, Series 1998	4.55 - 5.25%	7/15/04 - 23	2,090,000	55,000
G.O. Bonds, Series 2000	4.6 - 5.3%	7/15/06 - 25	5,725,000	-
G.O. Bonds, Series 2003	3.3 - 5.75%	7/15/09 - 28	5,295,000	-
Assessment Bonds, Series 1996(C)	6.75 - 7.25%	7/01/05 - 15	4,416,000	-
Assessment Bonds, Series 1994	7.50%	1/1/2004	-	-
Utilities District No. 1:				
G.O. Bonds, Series 1996 (B)	6.4 - 7.0%	7/15/04 - 21	1,390,000	40,000
G.O. Bonds, Series 1998	4.55 - 5.25%	7/15/04 - 23	6,785,000	200,000
G.O. Bonds, Series 2000	4.7 - 5.2%	7/15/06 - 25	7,075,000	-
G.O. Bonds, Series 2003	3.3 - 5.75%	7/15/09 - 28	7,870,000	-
Wildflower Ranch General District 1:				
G.O. Bonds, Series 1997	5.875 - 6.5%	7/15/04 - 22	590,000	15,000
G.O. Bonds, Series 1998	5.2 - 5.75%	7/15/04 - 23	685,000	20,000
Wildflower Ranch General District 2:				
G.O. Bonds, Series 2000	6.0 - 7.0%	7/15/04 - 25	690,000	15,000
G.O. Bonds, Series 2001	4.5 - 5.9%	7/15/04 - 26	755,000	20,000
Estrella Mountain Ranch:				
G.O. Bonds, Series 2001	8.00%	7/15/04 - 25	182,900	3,300
Assessment Bonds, Series 2001(A)	7.88%	7/01/04 - 25	7,789,000	144,000
Assessment Bonds, Series 2002	7.38%	7/01/05 - 27	4,944,000	-
Cottonflower:				
G.O. Bonds, Series 2003	4.1 - 5.7%	7/15/05 - 28	1,760,000	-
G.O. Bonds, Series 2004	3.7 - 6.75%	7/15/06 - 28	1,325,000	-
Total			<u>\$ 59,996,900</u>	<u>\$ 532,300</u>

**CITY OF GOODYEAR, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**NOTE 8 – COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE (Continued)**

Community Facilities District bonds debt service requirements to maturity are as follows:

<u>Fiscal year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 532,300	\$ 3,436,818
2006	892,600	3,501,319
2007	1,314,800	3,433,598
2008	1,228,200	3,357,736
2009	1,717,500	3,268,148
2010-2014	11,584,300	14,426,570
2015-2019	11,588,800	10,920,530
2020-2024	14,985,400	7,015,675
2025-2029	16,153,000	2,192,212
Total	<u>\$59,996,900</u>	<u>\$51,552,606</u>

**Legal Debt Limit-** General obligation bonded indebtedness for the District cannot exceed 60 percent of the market value of the property in the District after the infrastructure is completed plus the value of the infrastructure improvement made.

**NOTE 9 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 1,382,541	\$ 1,380,495	\$ 688,939	\$ 2,074,097	\$ 433,404
General obligation bonds payable	22,270,000	10,800,000	2,675,000	30,395,000	-
Loans payable	5,270,000	-	770,000	4,500,000	-
Community Facilities					
District bonds payable	45,088,000	16,250,000	1,341,100	59,996,900	532,300
Revenue bonds payable	4,050,000	-	265,000	3,785,000	-
Governmental activities long-term liabilities	<u>\$ 78,060,541</u>	<u>\$ 28,430,495</u>	<u>\$ 5,740,039</u>	<u>\$ 100,750,997</u>	<u>\$ 965,704</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities</b>					
Compensated absences	\$ 105,154	\$ 57,889	\$ 46,577	\$ 116,466	\$ 30,772
Revenue bonds payable	3,024,310	-	2,621	3,021,689	140,000
Business-type activities long-term liabilities	<u>\$ 3,129,464</u>	<u>\$ 57,889</u>	<u>\$ 49,198</u>	<u>\$ 3,138,155</u>	<u>\$ 170,772</u>

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At June 30, 2004, interfund balances were as follows:

**Interfund receivable/payable:**

Fund	Receivable Amount	Payable Amount
General Fund	\$ 12,758,847	\$ 50,567
Community Facilities Districts-Debt Service	310,070	309,462
Community Facilities Districts-Capital Projects	-	21,816
Non-Major Governmental Funds	71,776	422,301
Water and Sewer Fund	-	12,336,547
Total	<u>\$ 13,140,693</u>	<u>\$13,140,693</u>

All interfund borrowing resulted from the borrowing of funds to cover deficit cash.

**Interfund transfers:**

Fund	Transfers Out	Transfers In
General Fund	\$ 518,100	\$ -
Community Facilities Districts-Debt Service	-	1,324,049
Capital Improvement Projects	500,259	-
Community Facilities Districts-Capital Projects	2,023,789	-
Non-Major Governmental Funds	-	918,100
Water and Sewer Fund	400,001	1,200,000
Total	<u>\$ 3,442,149</u>	<u>\$ 3,442,149</u>

All transfers made during the year were routine in nature and consistent with the activities of the fund making the transfer.

**NOTE 11 – CONTINGENT LIABILITIES**

**Federal and State grants and loans-** The City has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2004, however, the City expects no material disallowances of expenditures.

**Lawsuits** – The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 12 – RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its members additional premiums should reserve and annual premiums be insufficient to meet the pool's obligations.

The City is insured by the Workers' Compensation Insurance Fund for potential worker-related accidents.

**NOTE 13 – RETIREMENT PLANS**

All full-time City employees are covered by one of two contributory retirement and pension plans, which are administered by the State of Arizona under State Statute.

**Arizona State Retirement Plan**

Plan Description - The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefits pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. ASRS issues a publicly available report that includes financial statements and required supplementary information. The report may be obtained in writing at ASRS, 3300 Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling 602-240-2200 or 1-800-621-3778.

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2004, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 5.7 percent (5.2 percent retirement and .49 percent long-term disability) of the member's annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2004, 2003, and 2002 were \$528,675, \$211,962, and \$182,690, respectively, which were equal to the required contributions for the year.

**Arizona Public Safety Personnel Retirement System**

Plan Description - The *Public Safety Personal Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 167 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. The City contributes to one PSPRS plan for police and one for firefighters. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. PSPRS issues a publicly available report that includes financial

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 13 – RETIREMENT PLANS (Continued)**

statements and required supplementary information. The report may be obtained in writing at PSPRS, 1020 East Missouri Avenue, Phoenix, Arizona 85014 or by calling 602-255-5575.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2004, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 8.89% and 7.23% of the covered payroll to the Plan for the Police and Firefighters, respectively.

Annual Pension Cost - The City's pension cost for the agent plan for the year ended June 30, 2004, and related information follows:

Contribution Rates:	<u>PSPRS – Police</u>	<u>PSPRS - Fire</u>
City 11.07%	9.96%	
Plan Members	7.65%	7.65%
Annual pension cost	\$220,533	\$114,978
Contributions made	\$220,533	\$114,978
Actuarial valuation date	June 30, 2003	June 30, 2003
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	9%	9%
Projected salary increases	6.5% - 9.5%	6.5% - 9.5%
Includes inflation at cost-of-living adjustment	5.5%	5.5%
Amortization method	Level Percentage Open	Level Percentage Open
Remaining amortization period from 7/1/00	Open 20 Years	Open 20 Years
Asset valuation method	Smoothed Market	Smoothed Market
Post retirement benefit increases	Based on Income	Based on Income

Trend Information - Information for the PSPRS plan as of the most recent actuarial valuations follows:

<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS - Police	2004	274,670	100.0%	-
	2003	237,104	100.0%	-
	2002	278,861	100.0%	-
PSPRS - Fire	2004	268,224	100.0%	-
	2003	234,027	100.0%	-
	2002	218,793	100.0%	-

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 13 – RETIREMENT PLANS (Continued)**

Funding Progress - An analysis of funding progress for each of the agent plan as most recent actuarial valuations, June 30, 2004 follows:

PSPR - Goodyear Police Plan:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding Liability (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ((b-a)/c)
June 30,						
2004	\$5,499,466	\$6,111,357	(611,891)	90.0%	\$2,933,985	20.9%
2003	4,937,802	4,925,456	12,346	100.3%	2,708,779	0%
2002	4,223,705	3,895,803	327,902	108.4%	2,470,604	0%

PSPR - Goodyear Fire Plan:

Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding Liability (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ((b-a)/c)
June 30,						
2004	\$3,846,596	\$3,201,957	\$644,639	120.1%	\$2,916,393	0%
2003	3,065,496	2,520,831	544,665	121.6%	2,666,015	0%
2002	2,317,792	1,676,967	640,825	138.2%	2,110,215	0%

**NOTE 14 – FUND BALANCE/NET RESERVATIONS AND DESIGNATIONS**

Only restrictions imposed by external resources are shown as Restricted Net Assets on the government-wide financial statements. Additionally, a reserve for inventory is shown on the governmental financial statements. Reservation or designation of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, is shown in aggregate on the governmental fund financial statements, but not on the proprietary fund financial statements. The City does, however, reserve or designate portions of net assets in other funds to demonstrate the government's intended use of those net assets. Reservations are created by legislative action of the City Council while designations are created by administrative policy. The following are the reservations or designations of the fund balance included in unreserved fund balance at June 30, 2004:

General Fund:	
Designated for capital replacement	\$ 4,347,756

**CITY OF GOODYEAR, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE 15 – PRIOR PERIOD ADJUSTMENT**

The July 1, 2003, fund balance of the following funds does not agree to the prior year financial statements due to the correction of errors noted below.

	Government-Wide Financial Statements		Fund Financial Statements		
	Governmental Activities	Business-type Activities	General	Community Facilities Districts Debt Service	Water and Sewer
To recognize right of way that was not recognized in prior period	\$73,468,797	\$ -	\$ -	\$ -	\$ -
To recognize sales tax in correct period	1,381,562	-	1,381,562	-	-
To recognize debt principal/interest payments in correct period	1,102,432	-	-	1,539,660	-
To correct for payments improperly expensed	-	445,655	-	-	445,655
	<u>\$75,952,791</u>	<u>\$ 445,655</u>	<u>\$1,381,562</u>	<u>\$ 1,539,660</u>	<u>\$445,655</u>



**OTHER SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULES**

**MAJOR GOVERNMENTAL FUNDS**



City of Goodyear  
Community Facilities Districts - Debt Service  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,645,963	\$ 1,645,963	\$ 2,024,473	\$ 378,510
Investment income	47,200	47,200	99,518	52,318
Special Assessments	1,905,243	1,905,243	1,555,984	(349,259)
Contributions	1,375,048	1,375,048	895,641	(479,407)
Miscellaneous	-	-	4,157	4,157
Total revenues	<u>4,973,454</u>	<u>4,973,454</u>	<u>4,579,773</u>	<u>(393,681)</u>
EXPENDITURES				
Debt service				
Principal retirement	937,100	937,100	1,241,580	(304,480)
Interest and fiscal charges	5,367,554	5,367,554	2,840,493	2,527,061
Total expenditures	<u>6,304,654</u>	<u>6,304,654</u>	<u>4,082,073</u>	<u>2,222,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,331,200)</u>	<u>(1,331,200)</u>	<u>497,700</u>	<u>1,828,900</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,324,049	1,324,049
Bond proceeds	1,221,050	1,221,050	-	(1,221,050)
Total other financing sources	<u>1,221,050</u>	<u>1,221,050</u>	<u>1,324,049</u>	<u>102,999</u>
Net change in fund balances	<u>(110,150)</u>	<u>(110,150)</u>	<u>1,821,749</u>	<u>1,931,899</u>
Fund balances, beginning of year	110,150	110,150	3,027,055	2,916,905
Prior period adjustment	-	-	1,539,660	1,539,660
Fund balances, beginning of year, restated	<u>110,150</u>	<u>110,150</u>	<u>4,566,715</u>	<u>4,456,565</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,388,464</u>	<u>\$ 6,388,464</u>

City of Goodyear  
Capital Improvement Projects  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 1,296,000	\$ 1,296,000	\$ -	\$ (1,296,000)
Charges for service	-	-	834,431	834,431
Investment income	-	-	167,713	167,713
Total revenues	<u>1,296,000</u>	<u>1,296,000</u>	<u>1,002,144</u>	<u>(293,856)</u>
EXPENDITURES				
Capital outlay	58,324,652	58,324,652	15,325,910	42,998,742
Total expenditures	<u>58,324,652</u>	<u>58,324,652</u>	<u>15,325,910</u>	<u>42,998,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,028,652)</u>	<u>(57,028,652)</u>	<u>(14,323,766)</u>	<u>42,704,886</u>
OTHER FINANCING SOURCES				
Proceeds from the sale of bonds	9,600,000	9,600,000	10,800,000	1,200,000
Transfer in	286,810	286,810	-	(286,810)
Transfers out	(1,286,810)	(1,286,810)	(500,259)	786,551
Total other financing sources	<u>8,600,000</u>	<u>8,600,000</u>	<u>10,299,741</u>	<u>1,699,741</u>
Net change in fund balances	(48,428,652)	(48,428,652)	(4,024,025)	44,404,627
Fund balances, beginning of year	<u>48,428,652</u>	<u>48,428,652</u>	<u>13,248,991</u>	<u>(35,179,661)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,224,966</u>	<u>\$ 9,224,966</u>

City of Goodyear  
Community Facilities Districts - Capital Projects  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	\$ 97,700	\$ 97,700	\$ 86,551	\$ (11,149)
Contributions	-	-	567,807	567,807
Total revenues	<u>97,700</u>	<u>97,700</u>	<u>654,358</u>	<u>556,658</u>
EXPENDITURES				
Capital outlay	<u>32,872,100</u>	<u>32,872,100</u>	<u>21,730,745</u>	<u>11,141,355</u>
Total expenditures	<u>32,872,100</u>	<u>32,872,100</u>	<u>21,730,745</u>	<u>11,141,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,774,400)</u>	<u>(32,774,400)</u>	<u>(21,076,387)</u>	<u>11,698,013</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(2,023,789)	(2,023,789)
Bond proceeds	<u>27,998,950</u>	<u>27,998,950</u>	<u>16,250,000</u>	<u>(11,748,950)</u>
Total other financing sources	<u>27,998,950</u>	<u>27,998,950</u>	<u>14,226,211</u>	<u>(13,772,739)</u>
Net change in fund balances	(4,775,450)	(4,775,450)	(6,850,176)	(2,074,726)
Fund balances, beginning of year	<u>4,775,450</u>	<u>4,775,450</u>	<u>18,754,411</u>	<u>13,978,961</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,904,235</u>	<u>\$ 11,904,235</u>



**OTHER SUPPLEMENTARY INFORMATION**

**COMBINING FUND FINANCIAL STATEMENTS**

City of Goodyear  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2004

	Special Revenue		
	Highway User Revenue	Grants	Community Facilities Districts
<b>ASSETS</b>			
Cash and cash equivalents	\$ 229,625	\$ 77,683	\$ 528,954
Taxes receivable	113,107	-	14,027
Interest receivable	4,600	-	1,340
Accounts receivable	-	44,491	60,180
Due from other funds	-	-	71,775
Inventories	29,589	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 376,921</u>	<u>\$ 122,174</u>	<u>\$ 676,276</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 187,899	\$ 108	\$ 6,344
Accrued payroll and employee benefits	19,642	495	-
Accrued interest payable	-	-	-
Deposits held for others	139,832	-	5,000
Due to other funds	-	-	422,301
Deferred revenue	29,464	-	11,308
Total liabilities	<u>376,837</u>	<u>603</u>	<u>444,953</u>
<b>Fund balances:</b>			
Unreserved, reported in			
Special revenue	84	121,571	231,323
Debt service	-	-	-
Total fund balances	<u>84</u>	<u>121,571</u>	<u>231,323</u>
Total liabilities and fund balances	<u>\$ 376,921</u>	<u>\$ 122,174</u>	<u>\$ 676,276</u>



Special Revenue

Community Facilities Impact Fees	General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees
\$ 1,428,156	\$ 1,025,629	\$ 1,507,329	\$ 1,106,639	\$ 1,038,436	\$ 1,818,785
-	-	-	-	-	-
468	-	1,573	2,723	1,603	945
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,428,624</u>	<u>\$ 1,025,629</u>	<u>\$ 1,508,902</u>	<u>\$ 1,109,362</u>	<u>\$ 1,040,039</u>	<u>\$ 1,819,730</u>
\$ 114,028	\$ 2,866	\$ -	\$ 32,259	\$ 65,268	\$ 125,540
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>114,028</u>	<u>2,866</u>	<u>-</u>	<u>32,259</u>	<u>65,268</u>	<u>125,540</u>
1,314,596	1,022,763	1,508,902	1,077,103	974,771	1,694,190
-	-	-	-	-	-
<u>1,314,596</u>	<u>1,022,763</u>	<u>1,508,902</u>	<u>1,077,103</u>	<u>974,771</u>	<u>1,694,190</u>
<u>\$ 1,428,624</u>	<u>\$ 1,025,629</u>	<u>\$ 1,508,902</u>	<u>\$ 1,109,362</u>	<u>\$ 1,040,039</u>	<u>\$ 1,819,730</u>



City of Goodyear  
Combining Balance Sheet  
Non-Major Governmental Funds (Continued)  
June 30, 2004

	<u>Special Revenue</u>		Total Non-Major
	Library Impact		Governmental
	Fees	Debt Services	Funds
ASSETS			
Cash and cash equivalents	\$ 786,422	\$ 171,285	\$ 9,718,943
Taxes receivable	-	82,241	209,375
Interest receivable	-	-	13,252
Accounts receivable	-	-	104,671
Due from other funds	-	1	71,776
Inventories	-	-	29,589
Prepaid items	-	17,000	17,000
Total assets	<u>\$ 786,422</u>	<u>\$ 270,527</u>	<u>\$ 10,164,606</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 534,312
Accrued payroll and employee benefits	-	-	20,137
Accrued interest payable	-	237,719	237,719
Deposits held for others	-	-	144,832
Due to other funds	-	-	422,301
Deferred revenue	-	32,309	73,081
Total liabilities	<u>-</u>	<u>270,028</u>	<u>1,432,382</u>
Fund balances:			
Unreserved:			
Special revenue	786,422	-	8,731,725
Debt service	-	499	499
Total fund balances	<u>786,422</u>	<u>499</u>	<u>8,732,224</u>
Total liabilities and fund balances	<u>\$ 786,422</u>	<u>\$ 270,527</u>	<u>\$ 10,164,606</u>

City of Goodyear  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-Major Governmental Funds  
For The Year Ended June 30, 2004

	Special Revenue		
	Highway User Revenue	Grants	Community Facilities Districts
REVENUES			
Taxes	\$ -	\$ -	\$ 97,519
Intergovernmental	1,451,102	318,936	-
Charges for services	-	-	-
Investment income	23,671	11,000	6,155
Contributions	-	1,000	70,567
Miscellaneous	218,002	-	43,096
Total revenues	<u>1,692,775</u>	<u>330,936</u>	<u>217,337</u>
EXPENDITURES			
Current:			
General government	-	10,900	677,360
Public safety	-	25,116	-
Highway and streets	1,802,880	-	-
Community development	-	26,920	-
Capital outlay	-	177,625	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,802,880</u>	<u>240,561</u>	<u>677,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110,105)</u>	<u>90,375</u>	<u>(460,023)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	80,600	-	-
Total other financing sources (uses)	<u>80,600</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(29,505)	90,375	(460,023)
Fund balances, beginning of year	<u>29,589</u>	<u>31,196</u>	<u>691,346</u>
Fund balances, end of year	<u>\$ 84</u>	<u>\$ 121,571</u>	<u>\$ 231,323</u>

Special Revenue

Community Facilities Impact Fees	General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,240,783	734,015	624,143	781,453	817,281	1,309,532
2,156	3	7,244	13,581	7,417	4,355
-	-	-	-	-	-
-	-	-	-	-	-
1,242,939	734,018	631,387	795,034	824,698	1,313,887
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,156,405	-	210,645	-	-	184,227
-	-	-	-	-	-
-	-	-	-	-	-
1,156,405	-	210,645	-	-	184,227
-	-	-	-	-	-
86,534	734,018	420,742	795,034	824,698	1,129,660
-	-	-	-	-	-
-	-	-	-	-	-
86,534	734,018	420,742	795,034	824,698	1,129,660
1,228,062	288,745	1,088,160	282,069	150,073	564,530
\$ 1,314,596	\$ 1,022,763	\$ 1,508,902	\$ 1,077,103	\$ 974,771	\$ 1,694,190



City of Goodyear  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-Major Governmental Funds (Continued)  
For The Year Ended June 30, 2004

	<u>Special Revenue</u>		Total Non-Major
	Library Impact		Government
	Fees	Debt Service	Funds
REVENUES			
Taxes	\$ -	\$ 2,053,901	\$ 2,151,420
Intergovernmental	-	-	1,770,038
Charges for services	527,055	-	6,034,262
Investment income	-	311	75,893
Contributions	-	-	71,567
Miscellaneous	-	-	261,098
Total revenues	<u>527,055</u>	<u>2,054,212</u>	<u>10,364,278</u>
EXPENDITURES			
Current:			
General government	-	-	688,260
Public safety	-	-	25,116
Highway and streets	-	-	1,802,880
Community development	-	-	26,920
Capital outlay	-	-	1,728,902
Debt service:			
Principal retirement	-	1,730,000	1,730,000
Interest and fiscal charges	-	1,161,213	1,161,213
Total expenditures	<u>-</u>	<u>2,891,213</u>	<u>7,163,291</u>
Excess (deficiency) of revenues over (under) expenditures	<u>527,055</u>	<u>(837,001)</u>	<u>3,200,987</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	-	837,500	918,100
Total other financing sources (uses)	<u>-</u>	<u>837,500</u>	<u>918,100</u>
Net change in fund balances	527,055	499	4,119,087
Fund balances, beginning of year	<u>259,367</u>	<u>-</u>	<u>4,613,137</u>
Fund balances, end of year	<u>\$ 786,422</u>	<u>\$ 499</u>	<u>\$ 8,732,224</u>





**OTHER SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULES**

**NON - MAJOR GOVERNMENTAL FUNDS**

City of Goodyear  
Highway User Revenue  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$1,451,485	\$1,451,485	\$1,451,102	\$ (383)
Investment income	-	-	23,671	23,671
Miscellaneous	61,240	61,240	218,002	156,762
Total revenues	<u>1,512,725</u>	<u>1,512,725</u>	<u>1,692,775</u>	<u>180,050</u>
EXPENDITURES				
Current:				
Highway and streets	<u>2,322,538</u>	<u>2,322,538</u>	<u>1,802,880</u>	<u>519,658</u>
Total expenditures	<u>2,322,538</u>	<u>2,322,538</u>	<u>1,802,880</u>	<u>519,658</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(809,813)</u>	<u>(809,813)</u>	<u>(110,105)</u>	<u>699,708</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	822,624	822,624	80,600	(742,024)
Transfers out	<u>(822,624)</u>	<u>(822,624)</u>	-	822,624
Total other financing sources	<u>-</u>	<u>-</u>	<u>80,600</u>	<u>80,600</u>
Net change in fund balances	(809,813)	(809,813)	(29,505)	780,308
Fund balances, beginning of year	<u>809,813</u>	<u>809,813</u>	<u>29,589</u>	<u>(780,224)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 84</u>

City of Goodyear  
Grants  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 669,412	\$ 669,412	\$ 318,936	\$ (350,476)
Investment income	-	-	11,000	11,000
Contributions	-	-	1,000	1,000
Total revenues	<u>669,412</u>	<u>669,412</u>	<u>330,936</u>	<u>(338,476)</u>
EXPENDITURES				
Current:				
General government	40,000	40,000	10,900	29,100
Public safety	35,000	35,000	25,116	9,884
Community development	-	-	26,920	(26,920)
Capital outlay	200,000	200,000	177,625	22,375
Total expenditures	<u>275,000</u>	<u>275,000</u>	<u>240,561</u>	<u>34,439</u>
Net change in fund balances	394,412	394,412	90,375	(304,037)
Fund balances, beginning of year	<u>(394,412)</u>	<u>(394,412)</u>	<u>31,196</u>	<u>425,608</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,571</u>	<u>\$ 121,571</u>

City of Goodyear  
Community Facilities Districts - General  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 390,084	\$ 390,084	\$ 97,519	\$ (292,565)
Investment income	7,800	7,800	6,155	(1,645)
Contributions	22,736	22,736	70,567	47,831
Miscellaneous	20,000	20,000	43,096	23,096
Total revenues	<u>440,620</u>	<u>440,620</u>	<u>217,337</u>	<u>(223,283)</u>
EXPENDITURES				
Current				
General government	<u>719,589</u>	<u>719,589</u>	<u>677,360</u>	<u>42,229</u>
Total expenditures	<u>719,589</u>	<u>719,589</u>	<u>677,360</u>	<u>42,229</u>
Net change in fund balances	(278,969)	(278,969)	(460,023)	(181,054)
Fund balances, beginning of year	<u>281,705</u>	<u>281,705</u>	<u>691,346</u>	<u>409,641</u>
Fund balances, end of year	<u>\$ 2,736</u>	<u>\$ 2,736</u>	<u>\$ 231,323</u>	<u>\$ 228,587</u>

City of Goodyear  
Community Facilities Impact Fees  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 512,727	\$ 512,727	\$ 1,240,783	\$ 728,056
Investment income	-	-	2,156	2,156
Total revenues	<u>512,727</u>	<u>512,727</u>	<u>1,242,939</u>	<u>730,212</u>
EXPENDITURES				
Capital outlay	<u>1,470,000</u>	<u>1,470,000</u>	<u>1,156,405</u>	<u>313,595</u>
Total expenditures	<u>1,470,000</u>	<u>1,470,000</u>	<u>1,156,405</u>	<u>313,595</u>
Net change in fund balances	(957,273)	(957,273)	86,534	1,043,807
Fund balances, beginning of year	<u>957,273</u>	<u>957,273</u>	<u>1,228,062</u>	<u>270,789</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,314,596</u>	<u>\$ 1,314,596</u>

City of Goodyear  
General Government Impact Fees  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 450,000	\$ 450,000	\$ 734,015	\$ 284,015
Investment income	-	-	3	3
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>734,018</u>	<u>284,018</u>
EXPENDITURES				
Current:				
Highway and streets	60,000	60,000	-	60,000
Capital outlay	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total expenditures	<u>310,000</u>	<u>310,000</u>	<u>-</u>	<u>310,000</u>
Net change in fund balances	140,000	140,000	734,018	594,018
Fund balances, beginning of year	<u>(140,000)</u>	<u>(140,000)</u>	<u>288,745</u>	<u>428,745</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,022,763</u>	<u>\$ 1,022,763</u>

City of Goodyear  
Public Works Impact Fees  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 432,295	\$ 432,295	\$ 624,143	\$ 191,848
Investment income	-	-	7,244	7,244
Total revenues	<u>432,295</u>	<u>432,295</u>	<u>631,387</u>	<u>199,092</u>
EXPENDITURES				
Current:				
Capital outlay	<u>324,720</u>	<u>324,720</u>	<u>210,645</u>	<u>114,075</u>
Total expenditures	<u>324,720</u>	<u>324,720</u>	<u>210,645</u>	<u>114,075</u>
Net change in fund balances	107,575	107,575	420,742	313,167
Fund balances, beginning of year	<u>(107,575)</u>	<u>(107,575)</u>	<u>1,088,160</u>	<u>1,195,735</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,508,902</u>	<u>\$ 1,508,902</u>

City of Goodyear  
Fire Impact Fees  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Actual
REVENUES			
Charges for services	\$ 411,981	\$ 411,981	\$ 781,453
Investment income	-	-	13,581
Total revenues	<u>411,981</u>	<u>411,981</u>	<u>795,034</u>
EXPENDITURES			
Current:			
Capital outlay	660,200	660,200	-
Total expenditures	<u>660,200</u>	<u>660,200</u>	<u>-</u>
Net change in fund balances	(248,219)	(248,219)	795,034
Fund balances, beginning of year	<u>248,219</u>	<u>248,219</u>	<u>282,069</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,077,103</u>



City of Goodyear  
Police Impact Fees  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 271,686	\$ 271,686	\$ 817,281	\$ 545,595
Investment income	-	-	7,417	7,417
Total revenues	<u>271,686</u>	<u>271,686</u>	<u>824,698</u>	<u>553,012</u>
EXPENDITURES				
Current:				
Capital outlay	<u>193,780</u>	<u>193,780</u>	-	193,780
Total expenditures	<u>193,780</u>	<u>193,780</u>	-	193,780
Net change in fund balances	77,906	77,906	824,698	746,792
Fund balances, beginning of year	<u>(77,906)</u>	<u>(77,906)</u>	<u>150,073</u>	<u>227,979</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 974,771</u>	<u>\$ 974,771</u>

City of Goodyear  
Transportation Impact Fees  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 1,143,985	\$ 1,143,985	\$ 1,309,532	\$ 165,547
Investment income	-	-	4,355	4,355
Total revenues	<u>1,143,985</u>	<u>1,143,985</u>	<u>1,313,887</u>	<u>169,902</u>
EXPENDITURES				
Current:				
Capital outlay	<u>1,070,000</u>	<u>1,070,000</u>	<u>184,227</u>	<u>885,773</u>
Total expenditures	<u>1,070,000</u>	<u>1,070,000</u>	<u>184,227</u>	<u>885,773</u>
Net change in fund balances	73,985	73,985	1,129,660	1,055,675
Fund balances, beginning of year	<u>(73,985)</u>	<u>(73,985)</u>	<u>564,530</u>	<u>638,515</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,694,190</u>	<u>\$ 1,694,190</u>

City of Goodyear  
Library Impact Fees  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 372,075	\$ 372,075	\$ 527,055	\$ 154,980
Total revenues	<u>372,075</u>	<u>372,075</u>	<u>527,055</u>	<u>154,980</u>
EXPENDITURES				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	372,075	372,075	527,055	154,980
Fund balances, beginning of year	<u>(372,075)</u>	<u>(372,075)</u>	<u>259,367</u>	<u>631,442</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,422</u>	<u>\$ 786,422</u>

City of Goodyear  
Debt Service  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$2,049,800	\$2,049,800	\$2,053,901	4,101
Investment income	-	-	311	311
Total revenues	<u>2,049,800</u>	<u>2,049,800</u>	<u>2,054,212</u>	<u>4,412</u>
EXPENDITURES				
Debt service				
Principal retirement	1,822,850	1,822,850	1,730,000	92,850
Interest and fiscal charges	844,230	844,230	1,161,213	(316,983)
Total expenditures	<u>2,667,080</u>	<u>2,667,080</u>	<u>2,891,213</u>	<u>(224,133)</u>
Excess (deficiency) of revenues over (under) expenditures	(617,280)	(617,280)	(837,001)	(219,721)
OTHER FINANCING SOURCES				
Transfers in	617,280	617,280	837,500	220,220
Transfers out	(617,280)	(617,280)	-	617,280
Total other financing sources	<u>-</u>	<u>-</u>	<u>837,500</u>	<u>837,500</u>
Net change in fund balances	(617,280)	(617,280)	499	617,779
Fund balances, beginning of year	<u>617,280</u>	<u>617,280</u>	<u>-</u>	<u>(617,280)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499</u>	<u>\$ 499</u>

## **STATISTICAL SECTION**

City of Goodyear  
Government-Wide Expenses By Function<sup>1</sup>  
For The Years Ended June 30  
(Unaudited)

Fiscal Year	General Government(a)	%	Public Safety	%	Public Works and Highways and Streets	%	Culture and Recreation	%
2003	\$ 11,683,171	29.35	\$ 12,198,244	30.65	\$ 9,842,863	24.73	\$ 1,925,726	4.84
2004	13,763,648	32.92	13,969,910	33.42	6,962,446	16.04	1,716,361	4.11

Schedule includes General, Special Revenue, Debt Services, and Capital Projects Funds

<sup>1</sup> Source: City records

\* Implementation of GASB 34 was in fiscal year 2003. As a result, prior year data is not available.

(a) Includes Community Development

Interest on Long-Term Debt	%	Total Government- wide Expenses
\$ 4,153,359	10.43	\$ 39,803,363
5,649,175	13.51	42,061,540

City of Goodyear  
Government-Wide Revenues<sup>1</sup>  
For The Years Ended June 30  
(Unaudited)

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	State Shared	Investment Income (Loss)
2003	\$ 11,223,001	\$ 397,092	\$ 9,475,823	\$ 21,111,029	\$ 5,587,983	\$ (499,021)
2004	10,555,004	109,956	46,863,563	25,487,392	5,756,754	556,145

Schedule includes General, Special Revenue, Debt Services, and Capital Projects Funds

<sup>1</sup> Source: City records

\* Implementation of GASB 34 was in fiscal year 2003. As a result, prior year data is not available.



Miscellaneous		Total Government-wide Revenues	
\$ 233,858		\$ 47,529,765	
408,114		89,736,928	

City of Goodyear  
Property Tax Levies and Collection<sup>1</sup>  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Levy Collections to Total Tax Levy	Total Property Tax Revenues
1995	\$ 883,460	\$ 861,816	97.55%	\$ -	\$ 861,816	97.55%	\$ 861,816
1996	1,061,068	1,051,239	99.07%	-	1,051,239	99.07%	1,051,239
1997	1,173,156	1,168,884	99.64%	-	1,168,884	99.64%	1,168,884
1998	1,418,131	1,414,046	99.71%	-	1,414,046	99.71%	1,414,046
1999	1,682,349	1,663,764	98.90%	-	1,663,764	98.90%	1,663,764
2000	1,977,135	1,967,017	99.49%	277	1,967,294	99.50%	1,967,294
2001	2,541,008	2,484,965	97.79%	2,469	2,487,434	97.89%	2,487,434
2002	3,204,131	3,102,195	96.82%	51,203	3,153,398	98.42%	3,153,398
2003	4,287,085	4,112,585	95.93%	-	4,112,585	95.93%	4,112,585
2004	5,096,682	4,982,963	97.77%	-	4,982,963	97.77%	4,982,963

Schedule includes General and Debt Service Funds

<sup>1</sup> Source: City records

City of Goodyear  
Assessed and Estimated Actual Value Taxable Property<sup>1</sup>  
Last Ten Fiscal Years  
(Unaudited)

Assessment Year	Assessed Value	Estimated Actual Value	Percent of Assessed Value To Estimated Actual Value
1995	\$ 46,525,718	\$ 330,526,121	14.08%
1996	53,323,611	386,104,649	13.81%
1997	57,976,454	418,994,590	13.84%
1998	72,104,817	547,923,202	13.16%
1999	88,767,663	666,631,042	13.32%
2000	103,618,251	785,915,672	13.18%
2001	136,713,813	1,046,255,320	13.07%
2002	174,404,952	1,412,131,409	12.35%
2003	222,388,265	1,807,280,114	12.31%
2004	264,638,241	2,222,833,697	11.91%

<sup>1</sup> Source: Maricopa County Assessor's Office

City of Goodyear  
Property Tax Rates -  
Direct and Overlapping Governments<sup>1</sup>  
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	City of Goodyear Primary	City of Goodyear Secondary	City of Goodyear Total	Maricopa County Primary	Library District Secondary	Fire District Assistance Tax Secondary	Flood Control Secondary
1995	1.10000	1.00000	2.10000	1.7694	0.0417	0.0107	0.3632
1996	0.20290	1.89160	2.09450	1.6880	0.0099	0.0108	0.3332
1997	0.40490	1.72120	2.12610	1.6354	0.0421	0.0109	0.3425
1998	1.00440	1.10470	2.10910	1.1265	0.0421	0.0105	0.3425
1999	1.29760	0.79190	2.08950	1.1472	0.0421	0.0103	0.3270
2000	1.07990	1.01680	2.09670	1.1884	0.0421	0.0100	0.2858
2001	1.34030	0.74130	2.08160	1.1641	0.0421	0.0096	0.2534
2002	1.36740	0.57820	1.94560	1.1832	0.0421	0.0091	0.2319
2003	1.28660	0.75490	2.04150	1.2108	0.0421	0.0091	0.2119
2004	1.22390	0.74930	1.97320	1.2108	0.0521	0.0069	0.2119

<sup>1</sup> Source: Maricopa County Assessor's Office

\* Information is not available

School Equalization Primary	Community College Primary	Central Arizona Project Secondary
*	0.8934	0.1400
*	0.9455	0.1400
*	0.9772	0.1400
*	0.9747	0.1400
*	0.9866	0.1400
*	0.9741	0.1400
*	0.9691	0.1300
*	0.9583	0.1300
*	0.9634	0.1300
0.4560	0.9211	0.1200

City of Goodyear  
Ratio of Net General Bonded Debt  
To Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Population <sup>2</sup>	Assessed Value <sup>3</sup>	Gross Bonded Debt <sup>1</sup>	Less: Debt Service Fund <sup>1</sup>	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1995	8,930	\$ 46,525,718	*	*	*	*	*
1996	10,215	53,323,611	*	*	*	*	*
1997	12,205	57,976,454	*	*	*	*	*
1998	14,305	72,104,817	*	*	*	*	*
1999	17,085	88,767,663	*	*	*	*	*
2000	19,695	103,618,251	*	*	*	*	*
2001	22,820	136,713,813	*	*	*	*	*
2002	26,715	174,404,952	11,210,000	4,096,549	7,113,451	4.08%	266
2003	30,395	222,388,265	22,270,000	3,058,777	19,211,223	8.64%	632
2004	35,810	264,638,241	30,395,000	6,388,963	24,006,037	9.07%	670

<sup>1</sup>Source: City records (Does not include Enterprise or Special Assessment bonds)

<sup>2</sup>Source: Arizona Department of Commerce

<sup>3</sup>Source: Maricopa County Assessor's Office

\* Information is not available.

City of Goodyear  
Computation of Legal Debt Margin  
June 30, 2004  
(Unaudited)

The computation of the Town's legal debt margins as of June 30, 2004 is as follows:

<u>Assessed valuations<sup>2</sup>:</u>	<u>Secondary**</u>	<u>Primary*</u>
City of Goodyear	264,638,241	238,750,061
Legal debt margin:		
Debt limitation - 20 % of assessed value	<u>52,927,648</u>	
Debt limitation - 6 % of assessed value		<u>14,325,004</u>
Amount of debt outstanding <sup>1</sup> :		
Total bonded debt	<u>\$ 97,198,589</u>	<u>\$ 97,198,589</u>
Total	<u>97,198,589</u>	<u>97,198,589</u>
Less:		
General obligation bonds		(30,395,000)
Municipal facilities revenue bonds	(3,785,000)	
Water revenue bonds	(3,021,689)	(3,021,689)
Community facilities districts bonds	<u>(59,996,900)</u>	<u>(59,996,900)</u>
Total debt applicable to limitation	<u>30,395,000</u>	<u>3,785,000</u>
Legal debt margin	<u>\$ 22,532,648</u>	<u>\$ 10,540,004</u>

<sup>1</sup>Source: City records

<sup>2</sup>Source: Maricopa County Assessor's Office

\* Under Arizona law, cities can issue general obligation bonds for general municipal purposes up to an amount not exceeding 6% of assessed valuation.

\*\* under Arizona law, cities can issue additional general obligation bonds for supplying specific services as water, sewer, lighting, parks and recreational facilities up to an amount not exceeding 20% of assessed valuation.

City of Goodyear  
Principal Taxpayers  
June 30, 2004  
(Unaudited)

Taxpayer <sup>1</sup>	Type of Business	Assessed Valuation of Property <sup>2</sup>	Percentage of Total Assessed Valuation
Suncor Development Company	Vacant Land	\$ 13,407,371	5.07%
Arizona Public Service Company	Electric Utility	7,187,379	2.71%
Sunchase Estrella LP	Vacant Land	5,845,800	2.21%
Rubbermaid, Inc.	Industrial Parks	4,332,598	1.64%
First American Title Insurance Co	Vacant land	3,953,222	1.49%
McLane Company	Warehouses	3,650,355	1.38%
Snyders of Hanover	Industrial Parks	3,466,087	1.31%
Qwest Corporation	Communication	2,962,696	1.12%
Byrd Enterprises of Arizona, Inc.	Motels	2,589,594	0.98%
CHI Construction Company	Vacant Land	2,390,814	0.90%
Total		<u>\$ 49,785,916</u>	<u>18.81%</u>

<sup>1</sup>Source: Arizona Department of Revenue

<sup>2</sup>Source: Maricopa County Assessor's Office



City of Goodyear  
Major Employers<sup>1</sup>  
June 30, 2004  
(Unaudited)

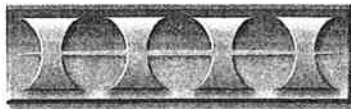
Major Corporation	Approximate Number of Employees *	Type of Company
Arizona State Prison/Perryville	825	Correctional Facility
McLane Sunwest	450	Grocery Wholesaler
Cavco Industries, Inc.	400	Modular Homes
Newell Rubbermaid, Inc.	250	Manufacturing Plastic Consumer Products
Fry's Food and Drug Store	225	Grocery Store
Aviation Management Systems	220	Aircraft Maintenance, Modification and Repair
City of Goodyear	200	Government
Target	175	Department Store
Lufthansa-German Airlines	170	Training Center
Arizona Galvanizing	150	Commercial Steel Galvanizing

<sup>1</sup>Source: Arizona Department of Commerce



## COMPLIANCE REPORT





HENRY & HORNE, P.L.C.  
Advisors to Business

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council  
City of Goodyear, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Goodyear, Arizona, as of and for the year ended June 30, 2004, which collectively comprise the City of Goodyear's basic financial statements and have issued our report thereon dated April 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Goodyear's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Goodyear's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Goodyear's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described as follows:

Tempe  
2055 East Warner Road  
Suite 101  
Tempe, AZ 85284-3487  
(480) 839-4900  
Fax (480) 839-3624

Scottsdale  
7098 East Cochise Road  
Suite 100  
Scottsdale, AZ 85253-4517  
(480) 483-1170  
Fax (480) 483-7126

Casa Grande  
711 East Cottonwood Lane  
Suite C  
Casa Grande, AZ 85222-2725  
(520) 836-8201  
Fax (520) 426-9432

Pinetop  
1630 East White Mountain Blvd.  
Suite C2  
Pinetop, AZ 85935-7040  
(928) 367-2591  
Fax (928) 367-3501

[www.henryandhorne.com](http://www.henryandhorne.com)

CERTIFIED PUBLIC ACCOUNTANTS

1. Detailed subsidiary records are not reconciled to the general ledger control accounts and supporting documents for virtually all significant general ledger accounts. Reconciliations for all significant asset and liability accounts should be performed on a timely basis.
2. The City makes use of check signing stamps for processing disbursements. There are several stamps with the signature of Larry Price in circulation. Larry Price is the authorized check signer; however, several individuals have stamps or access to the stamps. A system should be implemented to limit check signing duties and access to stamps.
3. Detail records of capital assets are not sufficiently maintained and integrated into the accounting system. These records should be consistently maintained and reconciled to the general ledger on a timely basis.
4. There is no evidence that journal entries are subject to adequate review. We noted that the persons preparing and posting the entries signed them off but found no indication of review. All journal entries should be properly approved before they are posted to the system.
5. The limited number of personnel prevents a proper segregation of accounting functions necessary to assure adequate internal controls. This is not unusual in entities of this size. Management should be constantly aware of this condition and realize that concentrations of duties in a limited number of personnel could create control situations that would allow personnel to misappropriate assets. This is especially evident with the CFD's. The CFD administration manager handles all cash receipts and disbursements functions. She prepares invoices for payment, writes the checks by hand, stamps the check with a signature, reconciles the cash account, etc.
6. Reconciliations of grant financial reports with supporting accounting records are not prepared and reviewed before filing. This should be done to ensure accuracy.
7. Grant financial reports are not prepared on a timely basis. A system should be implemented to track report due dates and schedule filings.
8. Federal funds are not deposited into separate bank accounts or accounted for in separate fund control accounts. This should be done to facilitate timely and accurate grant reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 1 thru 5 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of City of Goodyear, in a separate letter dated April 8, 2005.

This report is intended solely for the information and use of the management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Henry Hwang, p.c.*

April 8, 2005

